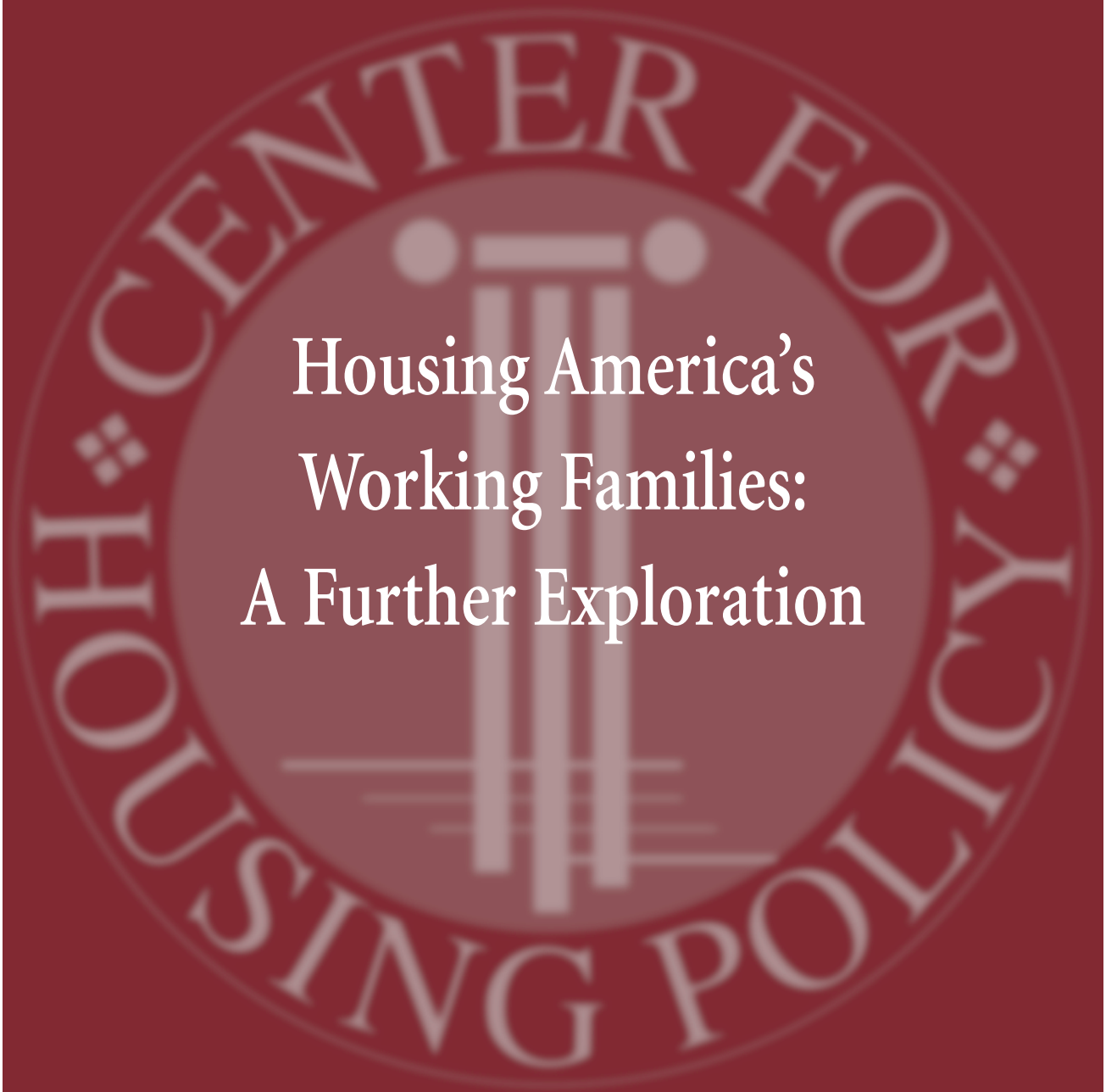
02CHP book 3/8/02 5:15 PM Page cov1

New Century Housing

Volume 3, Issue 1 **Center for Housing Policy/National Housing Conference** March 2002



Housing America's Working Families: A Further Exploration

02CHP book 3/8/02 5:15 PM Page cov2

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02CHP book 3/8/02 5:15 PM Page i

New Century Housing

Volume 3, Issue 1 **Center for Housing Policy/National Housing Conference** March 2002

Housing America's Working Families: A Further Exploration

by

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and

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Center for Housing Policy

With special appreciation to the following members of the Center for Housing Policy Advisory Board for their invaluable advice and assistance:

Ophelia B. Basgal

Cushing N. Dolbeare

Jane Fortson Eisenach

Ann B. Schnare

02CHP book 3/8/02 5:15 PM Page ii

The Center for Housing Policy

New Century Housing is published by the Center for Housing Policy, a nonprofit research subsidiary of the National Housing Conference (NHC). The Center for Housing Policy is devoted to rethinking the fundamentals of our national housing policies and creating approaches that are integrated into larger social and economic goals.

New Century Housing presents housing and community development issues that have significant public policy implications in a way that will attract and hold the attention of those who will ultimately influence public policy.

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02CHP book 3/8/02 5:15 PM Page iii

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02CHP book 3/8/02 5:15 PM Page iv

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02CHP book 3/8/02 5:15 PM Page v

Message from the Center for Housing Policy President, Ann B. Schnare

This report is the third in a series by the National Housing Conference's (NHC) research affiliate, the Center for Housing Policy (CHP) documenting the critical housing needs of working families. The report uses newly revised federal housing data to provide more precise estimates of the extent of critical housing needs among low- to moderate-income working families. It also attempts to answer a host of questions about the nature and underlying causes of these needs. Why do working families have critical housing needs—is it simply an income problem or do local housing conditions play a role? Are critical housing needs temporary or chronic events in the lives of working families? Which working families are most likely to experience persistent housing needs? And, finally, what trade-offs do working families make to obtain affordable and decent housing?

Key Findings

The housing needs of American families have persisted even during the recent period of economic prosperity. Between 1997 and 1999 employment rose, but the number of families with severe housing problems remained virtually unchanged. In both years, about 13 million families had critical housing needs, that is, they paid more than half their income for housing, lived in severely substandard conditions or both.

Statistics on overall housing needs mask a disturbing trend. In 1997, three million working families had critical housing needs; by 1999, this number had increased by 28 percent to some 3.9 million families. In contrast, the number of non-working or marginally employed families with critical housing needs fell by about the same amount—from 6.4 million in 1997 to 5.5 million in 1999. Evidently, employment alone was not enough to ensure decent and affordable housing for many working families. While about 900,000 families went from a non-working or marginally employed status in 1997 to earning more than the full-time minimum wage in 1999, critical housing needs were virtually unchanged.

Cost is the culprit for the vast majority of the 3.9 million working families with critical housing needs. About 8 out of 10 pay more than half their income for housing while the remainder live in severely inadequate housing. Conventional wisdom suggests that critical housing needs are concentrated among renters in urban areas. However, the reality is very different. While 43 percent of low- to moderate-income families with critical housing needs reside in the central city (1.7 million), a nearly equal number (1.5 million) live in the suburbs. Another 656,000 live in non-metropolitan areas. Moreover, homeowners and renters with more than 1.9 million working families with critical needs a piece—are both likely to be affected.

In addition to the 3.9 million families with critical housing needs, many more low- to moderate-income working families—while not having "critical" needs as we have defined them—are, nevertheless, profoundly affected by the cost and conditions of their housing. This includes another 1.6 million families living in crowded conditions, 2.7 million with commutes of 45 minutes or longer, and 176,000 who both live in crowded conditions and have long commutes.

As shown in this report, high-price housing markets are the "hotspots" for critical housing problems. (These housing markets comprise about 25 percent of all metropolitan areas, including most of the largest areas.) At any given income level, working families in these markets are much more likely to have critical housing needs, and to have these needs on a persistent basis. In fact, every $100 increase in the typical monthly housing cost in these markets raises the frequency of critical needs by 4.3 percentage points, and the frequency of chronic needs by 12 percentage points. In contrast, in other housing markets, housing affordability plays a relatively minor role, if any. In these areas, income and income fluctuations are the major factors determining whether a working family has critical or chronic housing needs.

High-priced markets exact other costs from working families. Working families in higher priced markets are more likely to have longer commutes and are more likely to share housing or other expenses than families in lower priced markets. They also are more likely to avoid higher housing costs by living in crowded conditions and, to a lesser extent, by living in poorer quality housing.

This report presents new information about the kinds of working families who are most likely to experience persistent housing needs. For approximately three out of four families with critical housing needs in 1997, who did not subsequently move, theirs was a temporary setback from which they were able to recover two years later. The remaining one-quarter of these working families, however, were unable to surmount their housing problems. Families with chronic housing needs were more likely to be dependent on the earnings of a single worker, members of a racial or ethnic minority, families with three or more children, and living in the Northeast and West regions of the country. Also of concern are the nearly one-quarter of working families with critical needs in 1997 who moved and who, therefore, could not be tracked. We do know this group had lower incomes on average than those who remained in their units. A substantial number may have continued to have critical needs in their new homes.

Policy Implications

Taken together, the findings of this report—and others in the CHP series—heighten concern about the housing needs of low- to moderate-income working families. While this group is growing in proportion and numbers, they are for the most part, overlooked by existing housing programs. Addressing the

02CHP book 3/8/02 5:15 PM Page vii

housing needs of these families should not be viewed as part of a zero sum game. Families at the bottom of the income ladder—who are either out of the labor force or only marginally employed—continue to have the highest incidence of housing needs. But from a policy perspective, working families often fall through the cracks. In most instances, their incomes are much too high to qualify for the limited amount of housing assistance that is currently available, but far too low to benefit from the favorable tax treatment available to homeowners.

Policies geared to the circumstances of working families need to become part of our overall commitment to decent and affordable housing for all Americans. Communities across the country have begun to recognize this reality, and are experimenting with new, innovative ways of addressing the housing needs of their working families. While much remains to be learned, developing effective policies and programs is not the only challenge. We as a nation currently lack the willingness to meet these needs. Decent affordable housing is the cornerstone to many things we cherish—strong families, safe neighborhoods, good education and vital local economies. It is CHP's hope that, by shining a spotlight on the housing needs of working families, we will build awareness and help to create a broader constituency for affordable housing.

02CHP book 3/8/02 5:15 PM Page 1

Housing America's Working Families: A Further Exploration

Introduction

Continuing Concern with Working Families

Having a job does not guarantee a family a decent place to live at an affordable cost. This was the troubling notion raised in the Center for Housing Policy's (CHP) June 2000 groundbreaking report *Housing America's Working Families.* The report set out to document the extent to which working families earning between minimum wage and moderate incomes are experiencing pressing housing needs. The study revealed that in 1997 (the most current data available at the time), despite unprecedented economic prosperity, one out of every seven American families had critical housing problems. This included about three million households who were "working families" earning between the full-time equivalent of minimum wage ($10,712) and 120 percent of their area median income. *Most of these families paid more than half their income for housing, some lived in severely inadequate housing and a few had both of these problems.*

In June 2001, CHP completed another study further documenting the housing needs of America's working families. *Paycheck to Paycheck: Working Families and the Cost of Housing in America* examined affordability problems encountered by full-time working families dependent on the income earned in five vital occupations—Elementary School Teacher, Police Officer, Licensed Practical Nurse, Janitor and Retail Salesperson. The study compared the prevailing wages for these occupations in each of 60 of the nation's largest housing markets with the cost of renting a one- and two-bedroom apartment and purchasing a median-priced home. The analysis indicated that when it comes to homeownership, households dependent on a Police Officer's or Teacher's salary alone could not afford to buy a median-priced home in more than half and in more than three-quarters of the 60 metropolitan areas, respectively. On the rental housing side, Janitors were able to afford to rent a one-bedroom apartment on 30 percent of their income (the standard measure of affordability) in just six metropolitan areas and Retail Salespersons were able to do so in just three of the 60 housing markets. Neither occupation could afford to rent a two-bedroom apartment (as might be required of a single mother with children) in *any of the 60 metropolitan areas* included in the study.

Paycheck to Paycheck also utilized the federal government's 1999 American Housing Survey (AHS) to update basic findings on the incidence of critical housing needs reported in *Housing America's Working Families.* Subsequently, the U.S. Department of Housing and Urban Development (HUD) revised some data in the AHS that was used in *Paycheck to Paycheck.*

This report uses the newly revised 1999 AHS to provide even more precise estimates of critical housing needs. It also pushes the inquiry further on several fronts and addresses several questions about the nature and underlying causes of these needs. Why do working families have critical housing needs—is it simply an income problem or do local housing conditions play a role? Are critical housing needs temporary or chronic events in the lives of working families? Which working families are most likely to experience persistent housing needs? And, finally, what trade-offs do working families make to obtain affordable and decent housing?

New estimates of the housing needs of working families found in this report indicate that these needs are stubbornly persistent. Between 1997 and 1999, the number of American families that were working increased, but the number with severe housing problems remained virtually unchanged. In both 1997 and 1999, there were about 13 million families with critical housing needs. In 1997, three million of these families with critical needs were working regularly; by 1999, the number of working families with critical housing needs had jumped to 3.9 million, a 28 percent increase.[1] In contrast, the number of non-working or marginally employed families with critical housing needs fell from 6.4 to 5.5 million between 1997 and 1999. Thus, about 900,000 families with critical housing needs went from not working or marginally employed in 1997 to earning more than a full-time minimum wage in 1999, but their critical housing problems persisted.

This report focuses on some of the strategies that working families use to cope with the lack of affordable housing. One of these strategies may be to continue to live in unaffordable or inadequate housing. We refer to working families who are forced to adopt this strategy as having "chronic critical needs." *About one out of every four working families with critical housing needs who did not move to a new residence had such chronic critical needs.* These families are clearly a subject of policy concern, and this report provides a detailed portrait of them.

Other strategies to cope with unaffordable housing costs include living in crowded or physically inadequate conditions, enduring longer commutes to work, taking in lodgers, seeking help from friends and relatives to pay bills, and, for homeowners, obtaining home equity loans, refinancing a mortgage, or deferring needed home maintenance. This report investigates the extent to which working families rely on these strategies to avoid heavy housing cost burdens.

[1]Throughout this report, low- to moderate-income working families are defined as families with annual earnings above the equivalent of a full-time minimum wage job ($10,712), total income below 120 percent of the metropolitan area median family income, and who derived at least half of their income from earnings from work. The terms "working families" and "low- to moderate-income working families" are used interchangeably.

Yet another important strategy that families may use to deal with excessive housing costs is moving, either to a less expensive residence or to a different metropolitan area with less costly housing. Unfortunately, data limitations prevent us from examining this strategy.[2]

A major contribution of this report is its documentation of the extent to which the price of housing is the culprit for critical housing problems. Some argue that the existence of critical housing needs among working families is an income problem, not a housing problem. Working families have critical housing needs, this argument goes, when they are poor, not because affordable and decent housing is unavailable. This report investigates this argument and shows that, *although low income is indeed the single most important factor in explaining why some working families have critical housing needs, housing prices also play a significant role.*

CHP's next report, due out later this year, will re-examine the definition of "working families" and explore the characteristics of those families who are working but earning less than the full-time minimum wage equivalent. When completed, this series of reports will have provided a unique, in-depth portrait of the housing needs of working families in America.

[2] This report relies on national data from the 1997 and 1999 American Housing Surveys, which follow housing units, not people, over time. It also uses data from the 1998 American Housing Survey metropolitan area sample, which also does not follow individuals over time.

Overall Number of American Families with Critical Housing Needs Persists at 13 Million

Before turning to important questions about the role of income or housing prices in explaining housing needs, whether housing needs are chronic or temporary, and what kinds of trade-offs working families make in the face of those needs, it is important to first set the stage for this discussion by providing revised estimates on the prevalence of housing needs in America and examining some of the major characteristics of the families affected.

Approximately one out of every seven (13 million) American families had a critical housing need in 1999, including millions of working families. Despite unprecedented economic prosperity, that figure represents a decline of less than one percent from 1997.[3] For purposes of this report, *families are defined as having critical housing needs if they spend more than half of their total income on housing and/or live in severely inadequate conditions.*

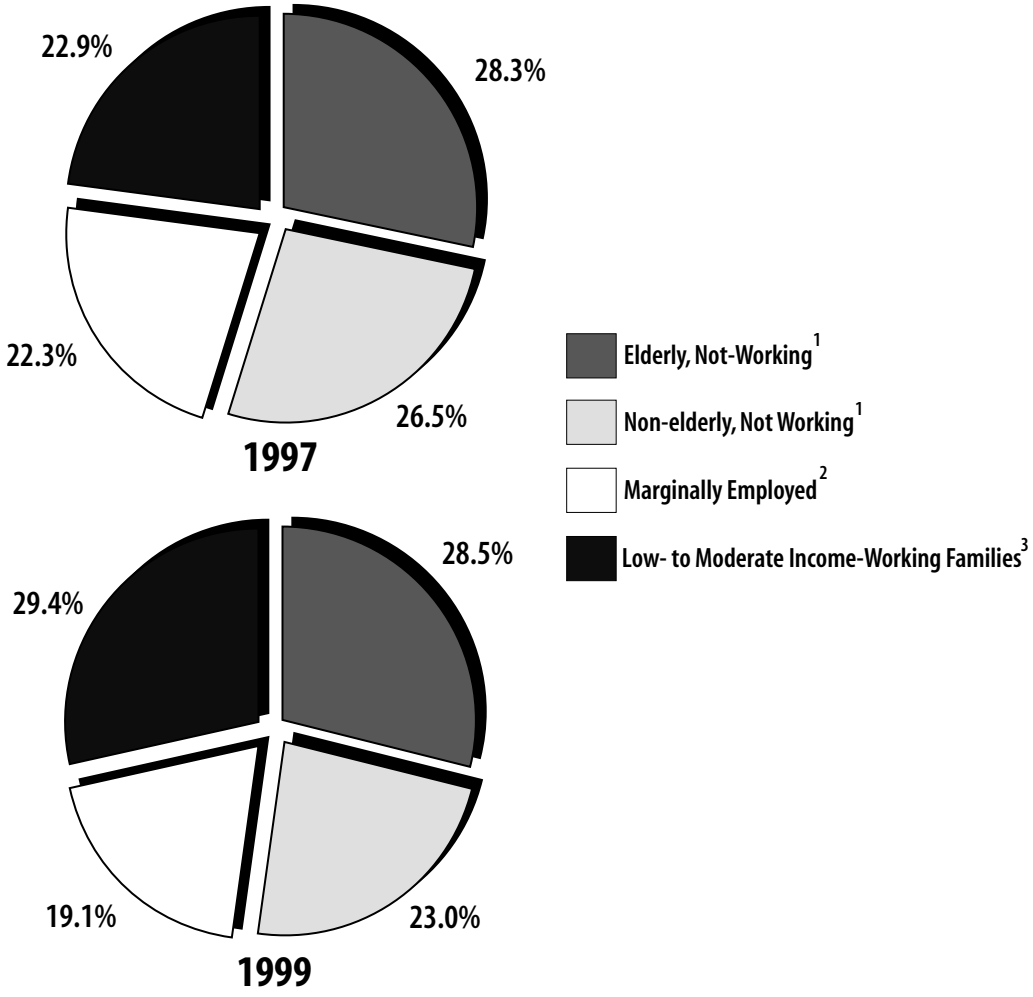
Although the overall number of families with critical housing needs remained virtually the same, the composition of families has shifted somewhat over the two-year period (Figure 1). The proportion of elderly, non-working families was roughly unchanged at 28 percent (3.8 million). However, the proportion of families unemployed and/or dependent on welfare fell about 3.5 percentage points, while the number of marginally employed (i.e., those whose income is less than the equivalent of one full-time wage earner) fell about 3.2 percentage points. These groups now make up 3 million and 2.5 million, respectively, of the 13 million total. Their decrease may be attributable partly to the strong economy, which absorbed previously unemployed workers into the labor force and partly to the implementation of new rules under welfare reform that decreased the number of recipients on the welfare rolls. Meanwhile, low- to moderate-income working families now make up 29.4 percent of the total number of families with critical housing needs as compared to about 23 percent previously, growing in number from 3 million to 3.9 million.[4]

A striking feature of families with critical housing needs is that so many of them—more than 6.3 million—obtain at least some, if not all, of their income from working. This includes the 2.5 million "marginally employed" who earn at least the equivalent of one-quarter of a full-time minimum wage worker's earnings. It also includes the 3.9 million "low- to moderate-income" working families, representing those who have earnings of at least the full-time

[3]Calculations were done on both the 1997 and 1999 American Housing Surveys. Because of a few minor technical corrections to the numbers from 1997, as well as revisions to the American Housing Survey itself, figures reported here may differ slightly from those reported in CHP's previous reports *Housing America's Working Families* and *Paycheck to Paycheck.*

[4]See Table 1 in Appendix I.

FIGURE 1
Working Status of All Households With Critical Housing Needs



Source: 1997 and 1999 American Housing Surveys.

[1] The "not working" categories comprise households with less than $2,678 in salary and wage income.

[2] "Marginally employed" is defined as households with at least $2,678, but less than $10,712 in salary and wage income.

[3] "Low- to Moderate-Income Working Families" are those with at least $10,712 in salary and wage income, total income below 120 percent of the area median, and salary and wage income accounting for at least half of total income.

02CHP book 3/8/02 5:15 PM Page 6

minimum wage equivalent of $10,712, total incomes below 120 percent of the metropolitan area median, and whose earnings from work make up at least half their income. Although we have applied the label "low- to moderate-income" to these working families, the term perhaps paints with too broad a brush. The reality for some families is that earning the full-time minimum wage equivalent does not even bring them up to the poverty level.

As indicated in the introduction to this report, the next installment of our study on working families will examine the critical housing needs of the marginally employed households. This report focuses on the second segment of working families—the roughly 3.9 million "low- to moderate-income" working families who have critical housing needs despite working the equivalent of a full-time job.

The Critical Housing Needs of 3.9 Million Low- to Moderate-Income Working Families

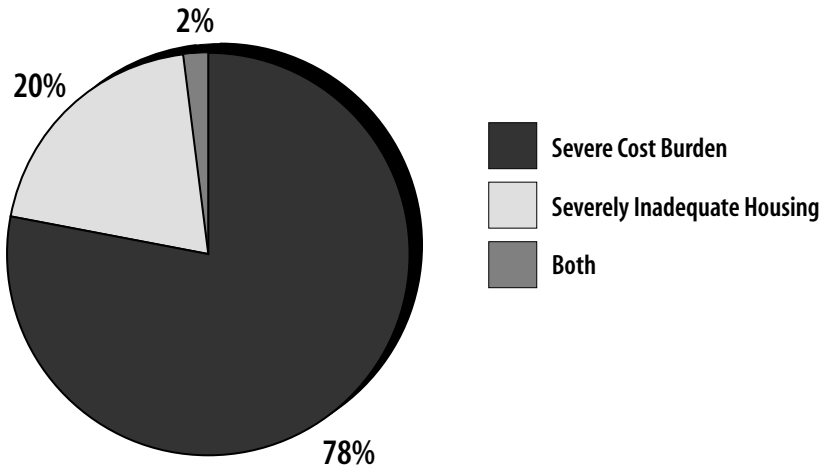
The Overall Picture for Working Families

Of the 39 million households that meet our definition of working families, 10 percent, or 3.9 million families, have critical housing needs. For the vast majority of the 3.9 million working families with critical housing needs, cost is the culprit. About 8 out of 10 pay more than half their income for housing. The other 20 percent live in severely inadequate housing. A small fraction of working families deal with both of these problems (Figure 2).[5]

These figures represent a worsening situation for low- to moderate-income working families. Between 1997 and 1999, the overall number of these working families with critical housing needs rose by 852,000—a 28.2 percent increase in just two years. Severe cost burden is the fastest growing critical need, affecting 21.5 percent more homeowners and 38 percent more renters as compared to two years ago. About twice as many renters as homeowners live in severely inadequate housing. The overall growth in the incidence of severe inadequacy over the two-year period was notable, at 30.6 percent.[6]

Conventional wisdom suggests that critical housing needs are a city problem, but current data indicates that, in fact, critical housing needs are not

FIGURE 2
Critical Housing Needs of Low- to Moderate-Income Working Families



Source: Authors' calculations from Table 2 in Appendix I.

[5]See Table 2 in Appendix I.

[6]See Tables 2 and 3 in Appendix I.

confined to the nation's cities. While 43 percent of low- to moderate-income families with critical housing needs reside in the central city (1.7 million), a nearly equal number (1.5 million) live in the suburbs. Another 656,000 live in non-metropolitan areas.[7]

Critical Housing Needs and Income

In the following chapter of this report, the role income plays in explaining why some working families have critical housing needs will be discussed in detail. The overall statistics indicate, not surprisingly, that the lower the working families income, the more likely the families are to have a pressing housing problem. Indeed, the number of working families with critical needs earning below 50 percent of area median income grew 24.1 percent since 1997. Although smaller in number overall, the middle and higher income groups also experienced substantial growth in the number of families with critical housing needs over the two-year period. Among the families earning 50 to 80 percent of area median income, the number with critical needs increased 22.6 percent. Among the 80 to 120 percent of area median income group, this number rose a dramatic 54.8 percent.[8]

Figure 3 shows the breakdown of low- to moderate-income working families with critical housing needs by income category. As a proportion of the total number of working families with critical housing needs, families in the under 50 percent of area median income category decreased by about two percentage points since 1997, but still comprise more than half the total number. The number of families with critical housing needs in the 50 to 80 percent range fell by one percent and those in the 80 to 120 percent of area median income category rose by three percentage points. This suggests that while some families have managed to move up the income ladder, problems with housing affordability or inadequacy nevertheless persist.

Today, it often takes more than one working adult to keep families out of serious housing stress. Low- to moderate-income families with only a single wage earner are more than 1.5 times likely to have a severe cost burden than families with two or more working adults.[9] As was the theme of CHP's previous report on working families, *Paycheck to Paycheck*, having more than one working adult (or having more than one job) does not, in and of itself, guarantee families a decent and affordable place to live. Not surprisingly, the incidence of severe cost burdens is greatest among workers who are at the bottom rung of the economic ladder. Almost one-quarter of working families earning less than the equivalent of two minimum wage jobs—some 1.9 million people—pay more than half their income for housing and/or live in substandard conditions.[10]

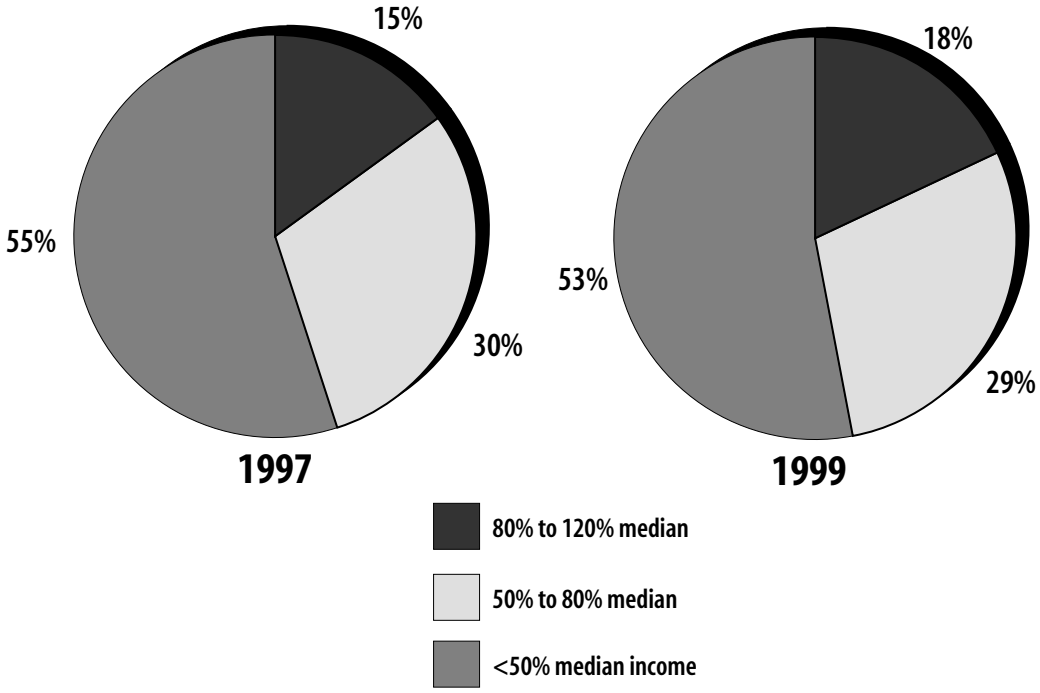
[7] See Table 4 in Appendix I.

[8] See Table 5 in Appendix I.

[9] See Table 6 in Appendix I.

[10] See Table 7 in Appendix I.

FIGURE 3
The Incomes of Low- to Moderate-Income Working Families with Critical Housing Needs



Source: Authors' calculations from Table 5 in Appendix I.

Crowding and Long Commutes

Later in this report the extent to which working families trade-off high housing costs by living in crowded conditions and making long commutes will be examined. While not included in our definition of critical needs, substantial numbers of low- to moderate-income working families live in overcrowded units or have long commutes. In 1999, almost 1.8 million or 4.6 percent of all 39 million working families were living in overcrowded units. This figure includes the 231,000 families who were living in crowded conditions in addition to having critical needs as well as 1.6 million families who were overcrowded but did not have critical needs as we have defined them. Crowding also is more serious in some regions of the country and for some types of households than for others. The rate of crowding is highest in the West where 9.1 percent of working families live in housing with more than one person per room, and among Hispanic renters, with virtually one out of every three families affected.[11]

[11]See Tables 8A and 8B in Appendix I. Crowding is defined as having more than one person per room, bathrooms excluded.

Some 270,000 working families with critical housing needs have one-way commutes to their workplaces greater than 45 minutes—an indicator of additional stress experienced by the hardest pressed working families. Of the working families without critical housing needs, 2.7 million also have journeys longer than 45 minutes to the workplace, while 176,000 are both crowded and endure long commutes.

Next Up

While the foregoing discussion provides a broad picture of the prevalence of the critical housing needs of low- to moderate-income working families, a host of questions arise about the nature and underlying causes of these needs. Why do working families have critical housing needs—is it simply an income problem or do local housing conditions play a role? Are critical housing needs temporary or chronic events in the lives of working families? Which working families are most likely to experience persistent housing needs? And, finally, what trade-offs do working families make to obtain affordable and decent housing? These topics are explored in the remainder of this report.

A Price Threshold: When Unaffordable Housing is a Cause of Critical Needs

To reiterate, in 1999, there were 3.9 million low- to moderate-income working families with critical housing needs. For 8 out of 10 of these working families with critical housing needs, an excessive housing cost burden—that is, paying more than half of their income to keep a roof overhead—was the culprit. Is it possible that at least some of these families could be paying more than half of their income for housing not out of necessity, but by choice? Perhaps they have a taste for housing beyond their means or, in the case of younger owners, they are acting in anticipation of increasing income. The housing decision of childless households between the ages of 22 and 40 may offer a rough indication of the extent of this taste factor. While 18 percent of all working families who paid more than half their income for housing were childless adults in this age group—a sizable fraction of all cost-burdened households—they comprised 21 percent of all 39 million working families. Thus, they are not disproportionately represented, and taste alone is not the explanation.

This section examines the impact of the price of housing on working families' critical housing needs. We look at this question in several ways, but the basic result is the same: *Below a certain threshold, which appears to lie somewhere between $650 and $700 for a two-bedroom apartment, the price of housing is not a significant factor in determining whether a working family is going have a critical housing need.*[a*] For example, a metropolitan area where the typical two-bedroom apartment rents for about $600 should have roughly the same fraction of working families with critical needs as a metropolitan area where the rent on a comparable unit is $500. *But once the price of housing rises above this threshold, further price increases have serious repercussions on the prevalence of critical housing needs.* For example, the prevalence of critical housing needs among working families in a metropolitan area where the typical two-bedroom apartment rents for $900 may be four to five percentage points higher than the prevalence rate in an area where the unit rents for $800.

To see how this threshold actually plays out, consider the impact on a family with an annual full-time minimum wage income of $10,712. A critical affordability problem for this family is defined as spending at least half of its income on housing, which translates into $446 per month. It is plausible that in places where nearly half of all apartments rent for less than $650 to $700, there will be a fair number of units available for $446. But as the typical rent rises above the $650 to $700 threshold, units affordable to minimum wage workers are likely to become increasingly scarce.

*Letters that are superscript refer to endnotes.

The Evidence that High Prices Exacerbate Housing Needs

To examine the impact of high housing prices on the critical housing needs of low- to moderate-income working families, we use the U.S. Department of Housing and Urban Development's Fair Market Rent (FMR) as an indicator of the price of housing.[b] All of the estimates in this report are based on FMRs for 133 metropolitan areas sampled in the American Housing Survey (See Appendix II *Metropolitan Areas and 1999 Fair Market Rents for Two-Bedroom Units, by FMR Quintile*). The 1999 FMRs for two-bedroom units in these 133 areas range from $418 in McAllen-Edinburg-Mission, TX to $1,167 in San Francisco, CA, with an average of $626 and a median of $588.

The first piece of evidence that housing prices have an impact on the prevalence of critical housing needs is the finding that the 10 highest priced metropolitan areas contained only 14 percent of all working families in the study sample, but had 22 percent of working families with critical housing needs.[12] Thus, working families with critical housing needs are disproportionately concentrated in the highest cost metropolitan areas.

Next, when the 133 metropolitan areas are divided into five roughly equal groups based on their housing prices, there is an increasing prevalence of working families with critical needs as one moves from the lowest to the highest housing price group, as shown in Figure 4.[c] In the highest priced quintile of metropolitan areas, with FMRs ranging between $735 to $1,167, including such places as Boston, MA; Chicago, IL; and Oakland, CA, 17 percent of families had critical housing needs, compared with eight percent of families in the lowest price quintile, which had FMRs in the $418 to $501 range, and included such places as Baton Rouge, LA; Duluth, MN; and Fresno, CA.

FIGURE 4

Prevalence of Working Families with Critical Needs by Fair Market Rent (FMR) Quintile

	Quintile				
	1	2	3	4	5
FMR Range	$418-501	$503-559	$566-623	$626-729	$735-1,167
Critical needs (%)	7.7	8.6	9.0	11.6	17.2

Source: 1999 American Housing Survey.

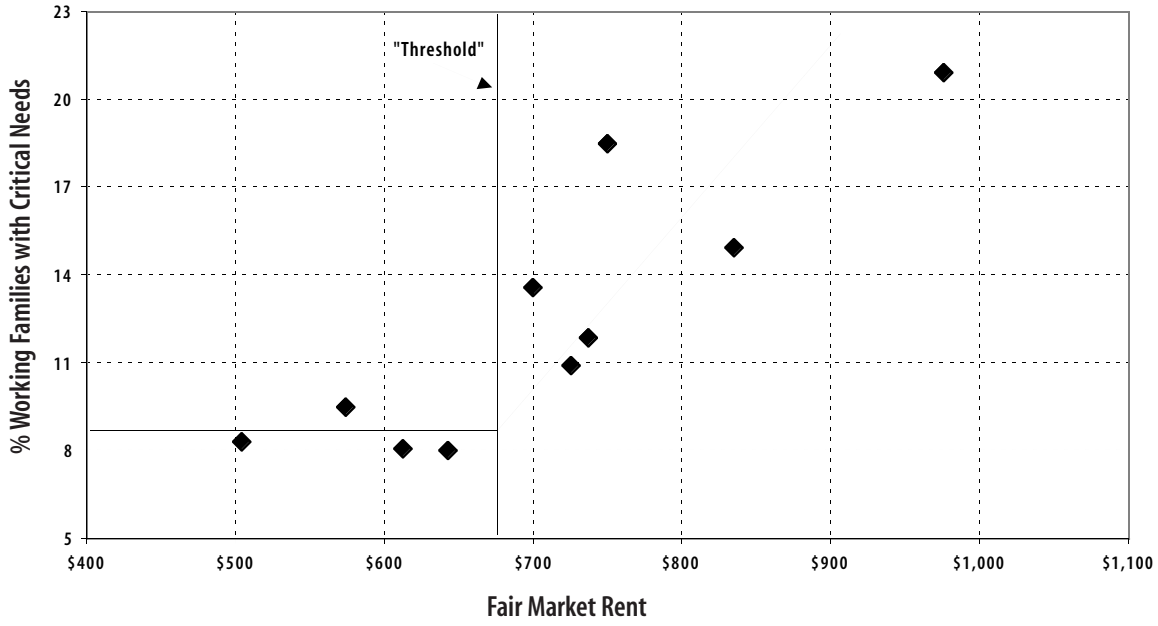
[12]These 10 high-price metropolitan areas are: Bergen-Passaic, NJ; Boston, MA-NH; Middlesex-Somerset-Hunterdon, NJ; Monmouth-Ocean, NJ; Nassau-Suffolk, NY; New York, NY; San Francisco, CA; San Jose, CA; Santa Barbara-Santa Maria-Lompoc, CA; and Stamford-Norwalk, CT.

Third, when the entire sample of 9,434 families is similarly divided into 10 groups of roughly equal size based on the FMR in their metropolitan area, a housing price threshold emerges. As shown in Figure 5, below a threshold of between $650 to $700, there is no relationship between the FMR and the prevalence of working families with critical housing needs. But above this level, higher FMRs are strongly associated with higher rates of critical needs.[d]

Finally, we used a more sophisticated statistical analysis to examine whether housing prices or income are more important in determining whether families had critical housing needs in high-price versus low-price areas.[e] For this analysis, working families were divided into two groups—those where FMRs were below $722 (the low-price housing group) and those where FMRs were equal to or exceeded $722 (the high-price group).

In both high- and low-price areas, income was the best predictor of whether families had critical housing needs, but the housing price level was the second most significant factor. The impact of housing price on critical needs was different in areas with low versus high housing prices. In the low-price areas, every $100 increase in the FMR is associated with a 3.6 percentage point increase in the prevalence of critical needs, while in the high-price areas, a similar $100 increase produces a 4.3 percentage point increase in critical needs.[f]

FIGURE 5: The Price of Housing Matters More in High-Price Housing Markets



Source: 1999 American Housing Survey National Sample.

NOTE: Each point represents about 10% of the sample (1,000) cases.

Are Critical Housing Needs Chronic or Temporary?

Fluctuations in Income Can Lead to Chronic Needs

Among families with critical housing needs and *who did not move*, 23 percent had chronic critical needs. That is, they had critical housing needs in both 1997 and 1999. Unfortunately, the fate of families with critical needs who moved cannot be determined from the American Housing Survey data which are the basis of this report. We do know, however, that working families with critical needs who moved had lower incomes than those who remained in their homes or apartments. This raises concern that at least 23 percent of those who moved continued to have critical housing needs in their new units.

What distinguishes families with chronic critical housing needs from those with only temporary or transitory needs? Change in income, not simply income level, is the key factor. As shown in Figure 6, the 1997 incomes of families who had critical housing needs in both 1997 and 1999 were comparable to the incomes of families who had critical housing needs in 1997 alone. In fact, the 1997 incomes of families with chronic critical needs were actually somewhat higher than the 1997 incomes of families with temporary critical housing needs (median of $21,000 compared to $20,000). But while the incomes of families with temporary critical housing needs increased dramatically by 1999 (a median increase of almost $20,000), the incomes of families with chronic critical needs actually dropped by a median amount of $1,200. Developing a critical housing need in 1999 when one did not exist in 1997 is associated with an economic setback between the two years. The average income of these families dropped from about $30,000 in 1997 to $20,000 in 1999.

FIGURE 6
Income and Change in Income for Families with Chronic Versus Temporary Critical Housing Needs

	Chronic needs	Critical need in 1997 only	Critical need in 1999 only	Never had a critical need
1997 family income	$	$	$	$
Mean	23,489	22,873	30,551	33,389
Median	21,000	20,000	28,600	32,000
Change in income between 1997 and 1999				
Mean	-3,047	35,966	-10,374	13,923
Median	-1,200	18,992	-11,600	6,044

Source: 1997 and 1999 American Housing Surveys.

These observations suggest that fluctuations in income play an important role in determining whether the critical needs of working families are chronic or temporary. When families suffer a loss of income, either because an earner becomes unemployed or is unable to work, they are at risk of confronting a critical housing problem. But it appears that most of these families eventually "get back on their feet," and the housing problem is resolved. More troubling is that some may not manage to recover, and others may not have had sufficient income to begin with. The median income of working families with critical needs, whether chronic or transitory, is about $20,000. If a family's income dips to this level, it appears to be at risk of having a critical housing need. And if a family cannot significantly raise its income above this threshold, it is susceptible to developing a chronic housing problem.

Which Working Families are More Likely to Have Chronic Housing Needs?

Figure 7 displays data on several other features that distinguish working families with chronic critical housing needs from those whose critical needs are temporary. Among the observations that can be drawn from this breakdown:

- The income distribution of families with chronic critical needs is nearly identical to that of families with a temporary critical need in 1997. For example, slightly more than half of families in each group had 1997 incomes between one to two times a full-time minimum wage. But only about a fourth of working families who had a temporary critical need in 1999 had a 1997 income between one to two times a full-time minimum wage, and less than a fifth of families who never had a critical housing need had incomes in this range.

- Families with chronic critical needs tend to be more often supported by a single worker than any other group—64 percent, compared with 60 percent for families with a critical need in 1997 alone, 54 percent for families with a critical need in 1999 alone, and 49 percent for families who never had a critical housing need.

- Racial and ethnic minorities are overrepresented among working families with chronic critical needs, making up more than half (53 percent), compared with 42 percent of families with temporary critical needs, and 29 percent of families without any critical housing needs.

FIGURE 7
Characteristics of Working Families with Chronic and Temporary Critical Needs

	Chronic needs	Critical need in 1997 only	Critical need in 1999 only	Never had a critical need
1997 Income relative to the minimum wage	%	%	%	%
1-2 times minimum wage	53	55	27	18
2-3 times minimum wage	28	27	33	33
3-4 times minimum wage	13	14	24	27
4+ times minimum wage	6	5	16	22
Number of earners	%	%	%	%
One	64	60	54	49
Two	27	33	38	40
Three or more	9	8	8	11
Racial and ethnic composition	%	%	%	%
Non-Hispanic White	47	59	58	72
Black or Hispanic	46	35	37	24
Other	7	6	5	5
Family type	%	%	%	%
Couple or single male, with children	34	43	34	42
Single female, with children	19	14	16	10
No children	47	42	50	48
Number of children (for families with children)	%	%	%	%
Less than three	64	74	76	75
Three or more	36	26	24	25
Homeowner	61	68	58	69

Source: 1997 and 1999 American Housing Surveys.

- Nearly a fifth (19 percent) of working families with chronic housing needs are female-headed families with children, slightly more than the 15 percent who comprise the temporary critical needs group.

- Although having children does not distinguish working families with chronic needs from those with temporary needs, the number of children does. More than a third (36 percent) of families with children who have chronic housing needs have three or more children, compared with 25 percent of families with children whose housing needs are temporary.

- Families with chronic critical needs were slightly less likely to be homeowners than those with critical needs in 1997 alone, but they were equally likely to be homeowners as families with critical needs in 1999 alone.[g]

- Finally, families with chronic critical needs are more heavily concentrated in the Northeast and West, and less heavily concentrated in the Midwest and South, relative to families with temporary critical needs. This may occur because the Northeast and West have higher housing costs.

A Price Threshold for Chronic Housing Needs

Are the characteristics that distinguish working families with chronic critical needs causal or merely correlational? For example, are racial or ethnic minorities more likely to have chronic critical needs either because of discrimination in the housing market or because their income gains are smaller? In the first case, minority status would be operating as a causal factor; in the second, slow income growth would be the causal factor, and minority status would be correlated with it.

Further analysis designed to distinguish between these two alternative interpretations shows that income is the only significant factor in low-price metropolitan areas that explains why a working family with a critical housing problem succeeds in improving its housing situation. A 50 percent increase in income is estimated to reduce the likelihood of having a chronic critical need by 7.5 percentage points.[h] This decline is noteworthy, because it would reduce the proportion with chronic needs (23 percent) by roughly one-third.

But in high-price metropolitan areas (FMR higher than $722), the price of housing is also a significant factor, with every $100 increase in the FMR raising the chance that a working family with a critical housing need will have a chronic critical need by 12 percentage points. This effect is substantial. A $100 drop in the FMR would reduce by almost half the 26 percent of those with chronic needs in the highest price metropolitan areas. *Thus, there is evidence of a housing price threshold for chronic critical needs just as there appears to be for critical needs.* In low-price areas (FMR below $722), the relationship between the price of housing and the prevalence of chronic needs is not significant. But in high-price areas, the prevalence of chronic critical needs rises sharply.

Trade-offs by Low- to Moderate-Income Working Families in High-Price Housing Markets

Working families may make several lifestyle adjustments to cope with high-price housing. Eight adjustments examined here are: (1) living in crowded conditions;[13] (2) living in severely inadequate housing; (3) enduring longer commutes to work; (4) taking in lodgers; (5) seeking help from friends and relatives to pay bills; and, for homeowners, (6) obtaining home equity loans; (7) deferring maintenance; and (8) refinancing their mortgage.[14]

As shown in Figure 8, working families living in the highest price metropolitan areas (that is, those in the top 20 percent) are more likely to be living in crowded conditions, to be living in severely inadequate housing, to

FIGURE 8

Prevalence of Trade-Offs Made by Working Families by Fair Market Rent (FMR) Quintile

	FMR Quintile and Range				
	1 $418–501 %	2 $503–559 %	3 $566–623 %	4 $626–729 %	5 $735–1,167 %
Crowding	3.4	3.2	5.3	4.2	8.4
Severly inadequate housing	2.2	1.3	2.2	3.0	3.9
Commute time (minutes)	20.6	20.1	23.3	24.6	29.9
Any lodgers	2.1	1.8	2.6	2.1	3.0
Whether sharing in rent/mortgage	4.2	4.4	5.5	6.0	7.7
Whether sharing any expenses	9.9	9.7	9.8	10.1	13.0
Homeowners					
Took out home equity loan	7.2	13.7	12.0	13.1	13.9
Refinanced mortgage	17.8	24.8	20.8	24.6	24.4
Deferred maintenance	28.1	28.2	30.9	28.9	26.7

Source: 1999 American Housing Survey.

NOTES:

1. "Expense sharing" means that a person who is not the household head or spouse pays some of the cost. Data from the 1997 American Housing Survey.
2. "Any expenses" include rent or mortgage, food, utilities, fuel or "other" expenses.
3. Deferred maintenance for homeowners is the percentage of homeowners with a serious maintenance problem in 1999 among those who had at least one serious maintenance problem in 1997.
4. Commute times are based on the household member with the longest commute. Households without workers are excluded.

[13]Defined as having more than one person per room, bathrooms excluded.

[14]Examples of other adjustments that could not be examined with the data used for this study include moving to lower quality housing in distressed neighborhoods, moving to a different metropolitan area with lower cost housing, taking on a second (or third) job, or cutting back on the consumption of other basic necessities.

have longer commutes, to take in lodgers and to have someone else in the household other than the householder and his or her spouse who contributes to household expenses. At 8.4 percent, crowding is especially frequent in the highest price metropolitan areas—nearly twice the rate of any other group of metropolitan areas. The proportion of families living in severely inadequate housing begins to rise steadily once the FMR exceeds $501 (the lowest quintile), climbing from 1.3 percent of all working families in areas with FMRs ranging between $503 to $559 to 3.9 percent of families in areas with the highest cost housing. Commute times increase sharply when the FMR rises above $566 (the third quintile) and range from an average of 21 minutes in the bottom 40 percent of metropolitan areas to 30 minutes in the highest price areas. Overall, the prevalence of taking in lodgers is extremely low, but it is greatest in the highest price metropolitan areas (three percent). Sharing mortgage or rent expenses rises consistently in higher price areas, from 4.2 percent in the lowest price areas to 7.7 percent in the highest price areas.

There are no significant trends in the trade-offs for homeowners living in high-price markets. Homeowners appear least likely to take out home equity loans or refinance their mortgages in the lowest price metropolitan areas, however.

Availability of 1998 data for selected metropolitan areas enables us to take a closer look at both the overall extent of housing needs and the types of trade-offs made by working families in different parts of the country. Perhaps, not surprisingly, California metropolitan areas top the list for having the greatest proportion of cost-burdened working families. Nationally, about 1 out of every 12 working families are cost-burdened. This compares to one out of every six families in San Francisco, one out of every seven in San Jose and 1 out of every 10 in Oakland who pay more than half their income for housing. In Boston, MA, one out of every seven working families contend with excessive cost burdens. Birmingham, AL; Cincinnati, OH; and Minneapolis, MN are among the metropolitan areas whose numbers of cost-burdened families are considerably below the national average.

Among these 15 metropolitan areas, San Francisco has the largest proportion of low- to moderate-income working families living in crowded conditions, followed by San Jose, with both over eight percent. Although these numbers do not seem especially high, they are substantially greater than the national figure for crowding of 4.6 percent of working families. Houston, TX and Oakland, CA also have considerably higher than average levels of crowding among low- to moderate-income working families.[15]

Sharing housing or other expenses is most prevalent in San Jose and Oakland, followed by Boston, MA and Houston, TX. While not as commonplace as in the highest cost areas, these types of expense-sharing strategies are resorted to more often compared to the alternatives of crowding or taking in lodgers in places like Baltimore, MD; Cincinnati, OH; Birmingham, AL; and Tampa, FL (Figure 9).

[15]See Table 9 in Appendix I. This table also compares working families with critical housing needs to working families without critical housing needs in each metropolitan area.

FIGURE 9
Trade-Offs Made by Low- to Moderate-Income Working Families, Selected Metropolitan Areas, 1998

	Cost Burden	Severely Inadequate Housing	Crowding	Any Lodgers	Sharing Rent/Mort.	Sharing Expenses	Home Equity Loan	Refinanced Mortgage
HIGHEST QUINTILE	%	%	%	%	%	%	%	%
Boston	13.0	3.2	1.2	3.7	7.0	10.5	14.5	11.2
Oakland	10.5	2.7	7.0	4.8	7.9	13.0	13.2	20.8
San Francisco	15.1	4.0	8.3	1.0	4.6	9.1	14.7	22.4
San Jose	13.6	1.7	8.1	5.3	8.4	15.1	14.9	18.3
Washington, DC	7.1	1.7	1.9	2.8	4.4	9.3	13.8	11.6
2nd QUINTILE	%	%	%	%	%	%	%	%
Baltimore	6.9	1.3	1.2	2.0	5.8	10.4	14.9	12.5
Minneapolis	4.6	1.5	2.0	3.6	3.9	9.0	20.5	14.9
Providence	8.3	1.6	2.8	1.4	4.9	9.2	20.5	14.8
Salt Lake City	7.0	1.6	5.1	1.0	3.2	8.3	17.1	20.8
3rd QUINTILE	%	%	%	%	%	%	%	%
Houston	5.7	2.0	7.9	2.6	6.5	11.9	3.1	4.2
Norfolk	9.2	1.7	1.8	4.0	5.1	9.5	13.1	11.2
Rochester	6.7	1.8	1.3	0.4	2.1	5.1	16.0	10.4
Tampa	6.9	0.9	2.8	3.8	4.7	9.7	11.8	11.3
4th QUINTILE	%	%	%	%	%	%	%	%
Cincinnati	4.5	1.7	2.3	2.6	5.0	8.9	19.9	13.6
LOWEST QUINTILE	%	%	%	%	%	%	%	%
Birmingham	3.1	2.1	2.3	1.3	5.0	9.8	6.0	10.8
	%	%	%	%	%	%	%	%
MEAN	8.17	1.97	3.7	3.0	5.4	10.2	14.1	13.2

Source: Authors' Calculations of 1998 American Housing Survey.

A Closer Look at Crowding, Commuting, and Inadequate Housing

Three of the seven trade-offs examined here—impact of housing prices on crowding, living in severely inadequate housing and commute times—persist even when taking into account the wide range of characteristics of working families. Tables 8A and 8B *show that crowding rises sharply at the highest level of housing prices.* A more sophisticated statistical analysis confirms this rise in crowding between the high- and low-price housing samples. The likelihood of a family being crowded is 2.7 percentage points higher in a high-price metropolitan area compared with a low-price metropolitan area. This represents a significant increase, since only about five percent of families are crowded overall.

Even after taking differences in family characteristics into account, families in high-price housing markets still are more likely to live in severely inadequate housing, with every $300 increase in the FMR raising the likelihood of living in severely inadequate housing by roughly one percentage point.

Similar to the finding of a threshold effect for critical and chronic housing needs, there also appears to be a threshold effect of housing prices for commute times. However, while the impacts of housing prices on critical and chronic needs were stronger in high-price housing markets, threshold effects of housing prices on commute times occur only in low-price housing markets, with every $100 increase in the FMR adding two minutes to the average one-way commute.[i]

A somewhat different way of examining the trade-offs families make to afford decent housing is to look *within* housing markets to see whether families are less likely to have a severe housing cost burden if they live in physically inadequate housing, are more crowded, have longer commutes, take in lodgers or receive contributions to expenses from outside the household. In this alternative approach, instead of examining the impact of housing prices on the likelihood that families will make these various adjustments, the question becomes: Are families who make these adjustments less likely to have a severe cost burden? The only significant effect is found for crowding in high-price metropolitan areas—crowded families are 6.3 percentage points less likely to have a severe housing cost burden.[j] This is a substantial amount when compared with the 14 percent of working families that had an affordability problem in the highest price quintile of housing markets. On the other hand, relatively few families resort to crowding, with only 8.4 percent of working families being crowded even in the highest price housing markets.

There also is some evidence that families sacrifice housing quality in the face of high housing costs. Families living in severely inadequate housing are about four percentage points less likely to have a severe housing cost burden, compared with families living in physically adequate conditions.[k]

Conclusions

This research finds that high-price housing markets are the "hotspots" for critical housing problems. These housing markets comprise about 25 percent of all metropolitan areas, including most of the largest areas. At any given income level, working families in these locales are much more likely to have critical housing needs, and to have these needs on a persistent basis.

The lack of affordable housing is a major reason for critical needs. The higher the price of housing, the more intense both the critical and chronic needs. Every $100 increase in the monthly housing price level in these markets raises the frequency of critical needs among families by 4.3 percentage points, and the frequency of chronic critical needs by 12 percentage points. In contrast, in the lower priced 75 percent of housing markets, housing affordability plays a relatively minor role, if any. In these areas, income and income fluctuations are the major factors determining whether a working family has critical or chronic housing needs.

Other key findings emerging from this analysis include:

1. In the 20 percent of housing markets with the highest prices, one out of every six low- to moderate-income working families has a critical housing need.
2. Temporary declines in income are the most significant factor responsible for transitory critical housing problems.
3. Critical housing problems are transitory for about three out of every four working families who remain in their units.
4. Families with chronic housing needs are more likely to be dependent on the earnings of a single wage earner, members of a racial or ethnic minority, families with three or more children, and living in the Northeast and West regions of the country.
5. In general, working families in higher priced housing markets appear to be more likely than those in lower priced markets to trade-off housing costs by crowding, making longer commutes, sharing expenses and, to a lesser extent, living in poorer quality housing.
6. Of these strategies, living in crowded conditions appears to be the most common way families achieve affordable housing. In the highest price housing markets, more than eight percent of families are crowded, compared with five percent or less in the lower price housing markets, an increase of roughly 50 percent. Families in high-price housing markets who are crowded reduce their chance of having a severe housing cost burden by 6.3 percentage points.

The major contribution of this report is that it identifies where the housing problems of working families are most severe. It also delineates the subgroup of

working families whose housing problems are persistent over time. This provides a basis for focusing policy attention, resources, and research on these places and populations. Although this contribution is significant, much work remains to be done.

Little is yet understood about the best means of supplying affordable housing under myriad differing local conditions. In-depth examination of the housing supply conditions in the "hotspot" markets identified in this report, and careful and creative thinking about how to best wed federal, state and local policies to ameliorate these conditions, are clearly called for.

Also, there is a dearth of information about how families are affected by the lack of decent, affordable housing. This report addressed these issues to a certain extent, but huge gaps remain. For example, we do not know how families adjust their household budgets when confronted with severe housing cost burdens and when these adjustments are deleterious to children's long-term educational achievement and social development outcomes. The extent to which parents are forced to take on second or third jobs to pay for high cost housing, with potential repercussions on children, is also unknown. Finally, because of data constraints, this study was also unable to examine one potentially important subgroup—those who move. This group constituted nearly one-quarter of working families with critical needs in 1997. Do these families manage to find affordable units, or do they continue to migrate from one unaffordable situation to another? This question is especially important because frequent moves have been found to damage children's long-term educational achievement and social development outcomes.

ENDNOTES:

[a] More precisely, the threshold appears to lie between a Fair Market Rent (FMR) of $650 and $700 on a two-bedroom apartment. The FMR is set at the 40th percentile rent in the housing market area, calculated annually by the U.S. Department of Housing and Urban Development.

[b] Although the FMR is an imperfect measure of housing affordability, particularly for homeowners, it is the best available alternative. We also tested the metropolitan area housing price indices developed by the American Chambers of Commerce Research Associates, but these do not cover as many areas as the FMR data, and the way in which they are constructed is not well-documented. Freddie Mac's Conventional Mortgage Home Price Index is a source of data for changes in home prices over time, but it cannot be used for differences in the housing price level across different metropolitan areas. One option for measuring housing affordability for homeowners is the median metropolitan area home sales price, calculated by the National Association of Home Builders (NAHB). However, it is not adjusted for features such as number of bedrooms, nor is its geographical coverage as wide as FMRs. However, FMRs and NAHB median home sales prices are very highly correlated (r=.79) indicating that their use is acceptable in the absence of better data.

[c] Metropolitan areas were divided into quintiles of 26 or 27, with the highest price metropolitan areas in the first quintile, the second highest price metropolitan areas in the second quintile, and so on.

[d]A similar graph derived from the 1998 AHS metropolitan samples yields essentially the same results. The areas in the 1998 sample are Baltimore, MD; Birmingham, AL; Boston, MA; Cincinnati, OH; Houston, TX; Minneapolis-St. Paul, MN; Norfolk-Newport News, VA; Oakland, CA; Providence, RI; Rochester, NY; Salt Lake City, UT; San Francisco, CA; San Jose, CA; Tampa, FL; and Washington, DC.

[e] Because different types of families might be concentrated in high- and low-price metropolitan areas, this multivariate analysis takes into account a range of family characteristics including race, housing tenure, income, family composition and receipt of housing assistance. For example, working families in high-price metropolitan areas might have higher incomes, on average, which would offset the impact of housing prices on the prevalence of critical housing needs. Statistically "controlling" for the effect of income, therefore, produces a better estimate of the actual effect of the housing price on a family's chance of having a critical housing need.

[f] The $722 FMR used to distinguish high- from low-price metropolitan areas should not be interpreted as the exact threshold where the impact of the price of housing on critical needs becomes more pronounced. This FMR was chosen because it is the sample median; further investigation would be necessary to determine the precise value of the threshold.

[g] The proportion of homeowners in the sample used for the analysis of chronic critical needs is much higher than the 54 percent of homeowners in the entire sample of working families because the analysis of chronic critical needs is restricted to families who did not move between 1997 and 1999, and homeowners are more residentially stable than renters.

[h] A multivariate statistical analysis was performed, which controlled for income and income change, the FMR and change in the FMR, race, hispanicity, housing tenure, family type and receipt of housing assistance.

[i] Caution is advised when interpreting the result because metropolitan areas with higher FMRs could differ from areas with lower FMRs in several ways. They may be geographically larger or they may have worse traffic problems, for example. Controls were not included in the models for all of the metropolitan area characteristics that could potentially affect commute times.

[j] In this multivariate analysis, whether a family is severely cost-burdened is regressed on a vector of household characteristics, plus indicators of housing adjustments and commute time, using dummy variables to control for metropolitan areas.

[k] This result is not highly statistically significant (p=.09).

02CHP book 3/8/02 5:15 PM Page 25

Appendix I
Tables

TABLE 1
Working Status of All Households with Critical Housing Needs, U.S., 1997 and 1999 (000s)

	1997		1999	
	Number	Percent	Number	Percent
Elderly, Not-Working[1]	3,736	28.3	3,756	28.5
Non-elderly, Not Working[1]	3,499	26.5	3,030	23.0
Marginally Employed[2]	2,939	22.3	2,515	19.1
Low- to Moderate-Income Working Families[3]	**3,021**	**22.9**	**3,873**	**29.4**
Total[4,5]	13,195	100.0	13,174	100.0
Percent of all U.S. Households	14.0		13.7	

Source: 1997 and 1999 American Housing Surveys and authors' calculations.

[1] The "not working" categories comprise households with less than $2,678 in salary and wage income.

[2] "Marginally employed" is defined as households with at least $2,678, but less than $10,712 in salary and wage income.

[3] "Low- to Moderate-income working families" are those with at least $10,712 in salary and wage income, total income below 120 percent of the area median, and salary and wage income accounting for at least half of total income.

[4] This table does not cover all U.S. households. For 1997, of those with critical housing needs, the largest excluded group consists of those with incomes greater than 120 percent of the area median (roughly 392,000 households).

[5] For 1999, of those with critical housing needs, the largest excluded group consists of those with incomes greater than 120 percent of the area median (roughly 709,000 households).

02CHP book 3/8/02 5:15 PM Page 27

TABLE 2
Critical Housing Needs of Low- to Moderate-Income Working Families, U.S., 1997 and 1999

	1997 Critical Needs of Working Families	1999 Critical Needs of Working Families
Unassisted Renters[1]		
Severe Cost Burden	934	1,189
Severely Inadequate	408	489
Both	16	45
Any	1,325	1,634
Assisted Renters[1,2]		
Severe Cost Burden	101	245
Severely Inadequate	44	86
Both	5	12
Any	140	319
Home Owners		
Severe Cost Burden	1,360	1,653
Severely Inadequate	205	283
Both	8	17
Any	1,556	1,920
Total with at least one critical need	3,021	3,873

Source: 1997 and 1999 American Housing Surveys and authors' calculations.

[1] Renter households include those who neither own nor rent.

[2] Assisted renters are renter households who answered any of the following questions in the affirmative: (1) Is the building owned by the public housing authority? (2) Do you pay a lower rent because the government is paying part of the cost of the unit? (3) Did a public housing authority, or some similar agency, give you a certificate or voucher to help pay the rent...? (4) As part of your rental agreement, do you need to answer questions about your income whenever your lease is up for renewal?

02CHP book 3/8/02 5:15 PM Page 28

TABLE 3
Housing Problems of Low- to Moderate-Income Working Families, by Tenure, U.S., 1997 and 1999 (000s)

	1997		1999		Change 1997-1999	
	Number	Percent	Number	Percent	Number	Percent
All Households	**33,238**	**100.0**	**38,886**	**100.0**	**5,648**	**17.0**
Severe Cost Burden	2,394	7.2	3,088	7.9	694	29.0*
Severe or Moderately Inadequate	2,766	8.3	3,141	8.1	375	13.6
Crowded	1,745	5.3	1,794	4.6	49	2.8*
Critical Needs	3,021	9.1	3,873	10.0	852	28.2*
All Renters[1]	**15,884**	**100.0**	**18,048**	**100.0**	**2,164**	**13.6**
Severe Cost Burden	1,034	6.5	1,435	7.9	401	38.8*
Severe or Moderately Inadequate	1,808	11.4	2,042	11.3	234	12.9
Crowded	1,197	7.5	1,185	6.6	-12	-1.0*
Critical needs	1,465	9.2	1,953	10.8	488	33.3*
All Owners	**17,354**	**100.0**	**20,838**	**100.0**	**3,484**	**20.1**
Severe Cost Burden	1,360	7.8	1,653	7.9	293	21.5
Severe or Moderately Inadequate	957	5.5	1,100	5.3	143	14.9
Crowded	548	3.2	609	2.9	61	11.1
Critical needs	1,556	9.0	1,920	9.2	364	23.4

Sources: 1997 and 1999 American Housing Surveys and authors' calculations.

*Differences between 1997 and 1999 are statistically significant at the .05 level.

[1]Renter households include those who neither own nor rent.

TABLE 4
Metropolitan Location of Working Families with Critical Housing Needs, By Tenure, U.S., 1997 and 1999 (000s)

	1997						1999					
	Families		All Working Renters[1]		Owners		Families		All Working Renters[1]		Owners	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Central City	1,213	40.1	762	52.0	451	29.0	1,668	43.1	1,082	55.4	585	30.5
Suburbs	1,279	42.3	590	40.3	689	44.3	1,549	40.0	703	36.0	846	44.1
Non-Metropolitan	529	17.5	113	7.8	417	26.8	656	16.9	167	8.6	488	25.4
Total	3,021	100.0	1,465	100.0	1,556	100.0	3,873	100.0	1,953	100.0	1,920	100.0

Source: 1997 and 1999 American Housing Surveys and authors' calculations.

[1]Renter households include those who neither own nor rent.

TABLE 5
The Incomes of Low- to Moderate-Income Working Families with Critical Housing Needs, U.S., 1997 and 1999 (000s)

	1997 Critical Housing Needs		1999 Critical Housing Needs	
Family Income	Number	Percent of All Working Families[1]	Number	Percent of All Working Families[2]
Below 50% of Median	1,663	27.2	2,064	25.5
50 to 80% of Median	911	7.8	1,117	8.0
80 to 120% of Median	447	2.9	692	4.1
Up to 120% of Median	**3,021**	**9.1**	**3,873**	**10.0**

Source: 1997 and 1999 American Housing Surveys and authors' calculations.

[1]The "percent of all working families" column refers to low- to moderate-income working families in each income range. There are also roughly 392,000 working households with critical needs who have incomes greater than 120 percent of area median.
[2]The "percent of all working families" column refers to low- to moderate-income working families in each income range. There are also roughly 541,000 working households with critical needs who have incomes greater than 120 percent of area median.

TABLE 6
Critical Housing Problems of Working Families, by Number of Wage Earners, U.S., 1997 and 1999

Percent with Critical Housing Needs				
	Number of Earners[1] 1997		Number of Earners[1] 1999	
	1	2 or More	1	2 or More
Housing Conditions				
Severe Cost Burden	9.2	5.0	9.5	6.1
Severely Inadequate Housing	1.9	2.5	1.9	2.1

Source: 1997 and 1999 American Housing Surveys and authors' calculations.

[1]The number of earners is the number of persons in the household with wage or salary income.

TABLE 7
Critical Housing Problems of Minimum Wage Working Households, U.S., 1997 and 1999

	1997				1999			
Income Relative to Minimum Wage	Number in Income Range (000s)	Median Income ($)	Critical Needs	Percent wtih Critical Needs	Number in Income Range (000s)	Median Income ($)	Critical Needs	Percent with Critical Needs
Between 1–2	8,532	16,800	1,794	21.0	8,205	17,000	1,875	22.9
Between 2–3	10,990	26,900	746	6.8	12,151	27,000	1,036	8.5
Between 3–4	7,926	37,000	339	4.3	9,673	37,000	580	6.0
Between 4–5	4,031	47,000	109	2.7	5,518	47,200	249	4.5

Source: 1997 and 1999 American Housing Surveys and authors' calculations.

TABLE 8A

Housing Problems of Low- to Moderate-Income Working Families, by Race, Ethnicity, Tenure and Region, U.S., 1997

	Percent			
	Northeast	Midwest	South	West
Non-Hispanic White				
Renters[1]				
Critical Needs	10.1	5.1	7.2	9.7
Crowded	2.3	2.5	2.7	3.2
Owners				
Critical Needs	11.0	5.4	6.5	9.3
Crowded	1.4	1.4	1.6	2.1
Non-Hispanic Black				
Renters[1]				
Critical Needs	12.6	6.1	9.5	13.0
Crowded	9.2	5.9	4.9	8.0
Owners				
Critical Needs	15.4	6.9	10.3	7.3
Crowded	2.7	1.9	3.7	0.0
Hispanic				
Renters[1]				
Critical Needs	21.7	5.3	8.1	12.9
Crowded	15.3	15.6	22.1	30.7
Owners				
Critical Needs	30.9	10.5	9.8	18.6
Crowded	9.4	9.6	13.6	17.9
All Working Families				
Critical Needs	12.9	5.6	7.9	11.4
Crowded	4.3	2.8	4.7	9.6

Source: 1997 American Housing Survey and authors' calculations.

[1]Renter households include those who neither own nor rent.

TABLE 8B

Housing Problems of Low- to Moderate-Income Working Families, by Race, Ethnicity, Tenure and Region, U.S., 1999

	Percent			
	Northeast	Midwest	South	West
Non-Hispanic White				
Renters[1]				
Critical Needs	12.2	6.0	8.5	10.9
Crowded	2.1	2.0	1.6	3.9
Owners				
Critical Needs	10.3	5.6	7.6	13.3
Crowded	1.6	1.6	1.4	1.7
Non-Hispanic Black				
Renters[1]				
Critical Needs	14.9	6.9	12.0	13.2
Crowded	7.0	2.4	4.4	6.9
Owners				
Critical Needs	13.3	6.8	5.8	15.7
Crowded	2.4	2.8	4.9	0.6
Hispanic				
Renters[1]				
Critical Needs	19.1	10.0	9.9	15.3
Crowded	13.7	14.2	13.5	31.0
Owners				
Critical Needs	20.1	9.1	10.7	16.5
Crowded	3.2	7.5	13.4	13.9
All Working Families				
Critical Needs	12.8	6.3	8.7	13.4
Crowded	3.8	2.3	3.7	9.1

Source: 1999 American Housing Survey and authors' calculations.

[1]Renter households include those who neither own nor rent.

TABLE 9
Comparison of Low- to Moderate-Income Working Families With and Without Critical Housing Needs

Selected Metropolitan Areas, 1998

	BALTIMORE		BIRMINGHAM		BOSTON		CINCINNATI	
	Don't Have Critical Needs	Have Critical Needs	Don't Have Critical Needs	Have Critical Needs	Don't Have Critical Needs	Have Critical Needs	Don't Have Critical Needs	Have Critical Needs
INCOME CLASSIFICATION:	%	%	%	%	%	%	%	%
< 50% of median	16.6	65.2	16.6	43.9	11.7	57.6	17.9	65.2
50% - 80% of median	36.5	22.4	34.4	43.1	37.5	28.0	35.8	19.3
80% - 120% of median	46.9	12.4	49.0	12.9	50.9	14.4	46.3	15.5
Median Income	$36,500	$20,000	$29,900	$20,000	$40,000	$23,000	$33,675	$20,000
Average Income	$37,394	$22,636	$29,701	$21,730	$40,955	$26,139	$34,375	$23,470
NUMBER OF EARNERS:	%	%	%	%	%	%	%	%
1 Earner	54.1	53.5	57.9	66.1	54.9	54.1	53.5	55.9
2 Earners	39.0	34.8	38.0	24.9	36.9	39.5	39.6	38.8
3 Earners	5.8	8.2	3.5	7.6	6.1	5.5	5.6	4.2
4+ Earners	1.1	3.6	0.7	1.4	2.2	1.0	1.4	1.2
RACE:	%	%	%	%	%	%	%	%
Non-Hispanic - White	63.9	69.0	60.2	58.8	79.2	78.3	82.4	78.5
Non-Hispanic - Black	30.0	25.8	36.9	35.9	9.3	11.3	14.4	15.0
Hispanic	2.9	0.7	1.8	2.8	5.7	5.2	1.3	4.3
Other	3.2	4.5	1.1	2.6	5.8	5.3	1.9	2.3
HOUSEHOLD TYPE:	%	%	%	%	%	%	%	%
Couple w/children	31.7	23.5	33.5	27.0	29.0	19.3	34.7	33.5
Single Female w/children	14.2	18.8	15.0	23.5	9.1	12.7	12.4	16.8
No children	54.1	57.8	51.5	49.4	61.9	68.0	52.9	49.7
ALL HOUSEHOLDS — NUMBER OF CHILDREN:	%	%	%	%	%	%	%	%
Less than 3 children	90.8	90.3	91.1	89.4	91.0	92.7	88.7	85.5
3 or more children	9.3	9.7	8.9	10.6	9.0	7.3	11.3	14.5
OF HOUSEHOLDS WITH CHILDREN:	%	%	%	%	%	%	%	%
Less than 3 children	79.9	77.1	81.7	79.1	76.4	77.2	76.0	71.1
3 or more children	20.1	23.0	18.3	20.9	23.6	22.8	24.0	28.9
TENURE:	%	%	%	%	%	%	%	%
Own	57.6	62.0	57.9	46.6	45.9	44.8	54.4	54.6
Rent	40.5	38.0	39.4	53.5	52.5	55.2	44.4	45.4
Neither	1.9	0.0	2.7	0.0	1.6	0.0	1.2	0.0

Source: Authors' Calculations of 1998 American Housing Survey metropolitan files.

continued

Table 9 continued:

TABLE 9
Comparison of Low- to Moderate-Income Working Families With and Without Critical Housing Needs

Selected Metropolitan Areas, 1998

	HOUSTON		MINNEAPOLIS		NORFOLK		OAKLAND	
	Don't Have Critical Needs	Have Critical Needs	Don't Have Critical Needs	Have Critical Needs	Don't Have Critical Needs	Have Critical Needs	Don't Have Critical Needs	Have Critical Needs
INCOME CLASSIFICATION:	%	%	%	%	%	%	%	%
< 50% of median	24.1	70.0	17.8	73.8	13.1	59.3	17.4	65.7
50% - 80% of median	36.2	23.5	37.6	21.6	40.3	29.6	33.5	23.4
80% - 120% of median	39.8	6.6	44.6	4.6	46.7	11.1	49.1	11.0
Median Income	$31,000	$17,000	$39,060	$19,802	$30,000	$17,150	$42,100	$22,100
Average Income	$32,313	$20,182	$40,290	$22,631	$30,699	$19,738	$43,011	$26,218
NUMBER OF EARNERS:	%	%	%	%	%	%	%	%
1 Earner	55.4	69.0	46.5	52.7	57.4	71.1	54.4	73.0
2 Earners	36.1	26.3	43.4	37.9	38.2	27.1	36.6	20.8
3 Earners	6.4	4.7	7.0	8.4	4.2	1.2	7.2	4.2
4+ Earners	2.1	0.0	3.0	1.0	0.3	0.6	1.7	2.1
RACE:	%	%	%	%	%	%	%	%
Non-Hispanic - White	42.2	42.9	87.8	76.4	59.9	62.3	48.9	46.0
Non-Hispanic - Black	19.5	20.7	5.2	7.6	32.8	30.9	15.6	18.2
Hispanic	30.1	29.3	2.3	5.7	4.1	4.9	18.6	19.6
Other	8.3	7.1	4.8	10.3	3.2	1.9	17.0	16.3
HOUSEHOLD TYPE:	%	%	%	%	%	%	%	%
Couple w/children	39.5	42.8	35.4	24.0	38.7	26.5	34.8	32.0
Single Female w/children	12.0	13.5	8.8	18.5	13.0	23.6	10.9	15.3
No children	48.5	43.6	55.9	57.5	48.3	49.9	54.3	52.7
ALL HOUSEHOLDS — NUMBER OF CHILDREN:	%	%	%	%	%	%	%	%
Less than 3 children	87.2	81.0	88.3	89.1	89.3	89.5	89.6	85.8
3 or more children	12.9	19.0	11.7	10.9	10.7	10.5	10.4	14.2
OF HOUSEHOLDS WITH CHILDREN:	%	%	%	%	%	%	%	%
Less than 3 children	75.0	66.3	73.6	74.4	79.3	79.1	77.3	69.9
3 or more children	25.0	33.7	26.4	25.6	20.8	20.9	22.7	30.1
TENURE:	%	%	%	%	%	%	%	%
Own	45.0	36.9	65.9	48.3	45.6	48.5	42.6	39.0
Rent	53.3	63.1	33.7	51.8	51.7	50.3	56.2	60.5
Neither	1.7	0.0	0.4	0.0	2.7	1.2	1.2	0.5

Source: Authors' Calculations of 1998 American Housing Survey metropolitan files.

continued

Table 9 continued:

TABLE 9
Comparison of Low- to Moderate-Income Working Families With and Without Critical Housing Needs

Selected Metropolitan Areas, 1998

	PROVIDENCE		ROCHESTER		SALT LAKE CITY		SAN FRANCISCO	
	Don't Have Critical Needs	Have Critical Needs	Don't Have Critical Needs	Have Critical Needs	Don't Have Critical Needs	Have Critical Needs	Don't Have Critical Needs	Have Critical Needs
INCOME CLASSIFICATION:	%	%	%	%	%	%	%	%
< 50% of median	12.7	51.5	14.3	53.2	13.2	56.1	17.6	58.4
50% - 80% of median	34.5	35.6	34.1	23.9	33.2	24.1	35.0	27.1
80% - 120% of median	52.9	12.9	51.6	22.9	53.7	19.8	47.5	14.5
Median Income	$33,200	$20,000	$33,000	$18,000	$36,000	$20,328	$43,000	$25,000
Average Income	$33,567	$22,004	$33,816	$22,832	$36,162	$23,567	$44,333	$29,138
NUMBER OF EARNERS:	%	%	%	%	%	%	%	%
1 Earner	54.3	69.4	58.5	69.5	47.0	71.8	60.8	63.8
2 Earners	39.0	26.8	36.0	26.7	42.5	24.6	29.3	29.8
3 Earners	6.0	3.8	3.9	3.8	7.1	2.2	7.2	5.5
4+ Earners	0.7	0.0	1.6	0.0	3.4	1.4	2.7	0.9
RACE:	%	%	%	%	%	%	%	%
Non-Hispanic - White	83.4	78.2	84.0	78.5	85.6	78.8	54.6	52.0
Non-Hispanic - Black	4.7	6.1	10.2	16.4	0.7	1.4	5.7	3.1
Hispanic	8.1	8.5	3.3	4.1	10.4	11.4	16.4	16.2
Other	3.7	7.2	2.6	1.0	3.3	8.4	23.4	28.7
HOUSEHOLD TYPE:	%	%	%	%	%	%	%	%
Couple w/children	38.6	31.9	37.0	26.2	50.3	46.8	28.4	31.2
Single Female w/children	9.2	15.0	11.1	20.1	8.6	17.5	7.5	10.1
No children	52.3	53.2	51.9	53.7	41.1	35.7	64.2	58.8
ALL HOUSEHOLDS — NUMBER OF CHILDREN:	%	%	%	%	%	%	%	%
Less than 3 children	88.8	85.8	88.3	88.5	78.8	81.0	94.0	91.4
3 or more children	11.2	14.2	11.7	11.5	21.2	19.0	6.1	8.7
OF HOUSEHOLDS WITH CHILDREN:	%	%	%	%	%	%	%	%
Less than 3 children	76.5	69.8	75.7	75.2	64.0	70.5	83.1	79.0
3 or more children	23.5	30.2	24.3	24.8	36.0	29.5	16.9	21.0
TENURE:	%	%	%	%	%	%	%	%
Own	50.8	57.8	61.0	53.7	64.9	56.1	36.5	35.5
Rent	47.6	42.2	37.7	46.3	33.3	44.0	62.0	64.1
Neither	1.7	0.0	1.4	0.0	1.8	0.0	1.5	0.4

Source: Authors' Calculations of 1998 American Housing Survey metropolitan files.

continued

Table 9 continued:

TABLE 9
Comparison of Low- to Moderate-Income Working Families With and Without Critical Housing Needs

Selected Metropolitan Areas, 1998

	SAN JOSE		TAMPA		WASHINGTON, DC	
	Don't Have Critical Needs	Have Critical Needs	Don't Have Critical Needs	Have Critical Needs	Don't Have Critical Needs	Have Critical Needs
INCOME CLASSIFICATION:	%	%	%	%	%	%
< 50% of median	20.4	73.2	10.1	63.2	20.3	72.9
50% - 80% of median	35.8	18.8	36.5	27.3	34.6	17.9
80% - 120% of median	43.9	8.1	53.4	9.4	45.1	9.3
Median Income	$50,000	$24,600	29,000	15,760	$45,900	$22,200
Average Income	$51,137	$28,860	29,349	18,204	$46,499	$26,121
NUMBER OF EARNERS:	%	%	%	%	%	%
1 Earner	47.3	62.0	61.0	70.4	52.4	65.1
2 Earners	40.1	30.4	34.2	27.1	40.2	29.0
3 Earners	9.1	6.4	3.9	2.5	6.0	4.8
4+ Earners	3.6	1.1	0.9	0.0	1.4	1.1
RACE:	%	%	%	%	%	%
Non-Hispanic - White	50.7	35.2	74.5	64.5	52.2	45.2
Non-Hispanic - Black	3.3	4.8	12.3	13.3	31.3	23.6
Hispanic	21.5	33.5	11.0	16.9	9.8	14.5
Other	24.6	26.5	2.2	5.3	6.8	16.7
HOUSEHOLD TYPE:	%	%	%	%	%	%
Couple w/children	35.1	39.8	31.7	17.5	30.6	27.3
Single Female w/children	9.2	9.3	11.0	30.4	11.3	20.4
No children	55.7	50.9	57.4	52.1	58.1	52.3
ALL HOUSEHOLDS — NUMBER OF CHILDREN:	%	%	%	%	%	%
Less than 3 children	89.6	84.5	89.7	91.8	92.0	91.2
3 or more children	10.4	15.5	10.3	8.2	8.1	8.9
OF HOUSEHOLDS WITH CHILDREN:	%	%	%	%	%	%
Less than 3 children	76.5	68.4	75.9	82.9	80.8	81.4
3 or more children	23.6	31.6	24.1	17.1	19.2	18.6
TENURE:	%	%	%	%	%	%
Own	45.6	43.9	52.5	49.4	50.1	41.5
Rent	52.5	56.1	45.2	50.6	48.8	57.9
Neither	1.9	0.0	2.2	0.0	1.2	0.6

Source: Authors' Calculations of 1998 American Housing Survey metropolitan files.

02CHP book 3/8/02 5:15 PM Page 38

02CHP book 3/8/02 5:15 PM Page 39

Appendix II

Metropolitan Areas and 1999 Fair Market Rents for Two-Bedroom Units, by FMR Quintile

First Quintile ($735-$1,167)	FMR $	Second Quintile ($626-$729)	FMR $	Third Quintile ($566-$623)	FMR $	Fourth Quintile ($503-$559)	FMR $	Fifth Quintile ($418-$501)	FMR $
Atlantic-Cape May, NJ	739	Allentown-Bethlehem-Easton, PA	669	Albany-Schenectady-Troy, NY	601	Akron, OH	554	Appleton-Oshkosh-Neenah, WI	495
Bergen-Passaic, NJ	878	Atlanta, GA	688	Albuquerque, NM	584	Augusta-Aiken, GA-SC	503	Baton Rouge, LA	467
Boston, MA-NH	906	Austin-San Marcos, TX	699	Cleveland-Lorain-Elyria, OH	594	Bakersfield, CA	508	Beaumont-Port Arthur, TX	474
Boulder-Longmont, CO	766	Baltimore, MD	628	Colorado Springs, CO	623	Charleston-North Charleston, SC	534	Birmingham, AL	481
Chicago, IL	737	Bridgeport, CT	703	Daytona Beach, FL	580	Chattanooga, TN-GA	510	Canton-Massillon, OH	472
Honolulu, HI	863	Dallas, TX	718	Eugene-Springfield, OR	597	Cincinnati, OH-KY-IN	531	Davenport-Moline-Rock Island, IA-IL	477
Jersey City, NJ	776	Denver, CO	664	Fort Myers-Cape Coral, FL	578	Columbia, SC	544	Duluth-Superior, MN-WI	459
Los Angeles-Long Beach, CA	749	Detroit, MI	634	Fort Worth-Arlington, TX	588	Columbus, OH	553	Erie, PA	441
Middlesex-Somerset-Hunterdon, NJ	960	Fort Lauderdale, FL	698	Gary, IN	620	Corpus Christi, TX	552	Evansville-Henderson, IN-KY	489
Monmouth-Ocean, NJ	879	Hartford, CT	692	Houston, TX	601	Des Moines, IA	551	Fort Wayne, IN	501
Nassau-Suffolk, NY	1105	Las Vegas, NV-AZ	693	Jacksonville, FL	569	El Paso, TX	527	Fresno, CA	500
New Haven-Meriden, CT	785	Lawrence, MA-NH	708	Lancaster, PA	576	Flint, MI	521	Greenville-Spartanburg-Anderson, SC	483
New York, NY	891	Madison, WI	658	Lansing-East Lansing, MI	597	Grand Rapids-Muskegon-Holland, MI	559	Johnson City-Kingsport-Bristol, TN-VA	447
Newark, NJ	820	Miami, FL	702	Melbourne-Titusville-Palm Bay, FL	566	Greensboro--Winston-Salem-High Point, NC	550	Knoxville, TN	468
Oakland, CA	861	Minneapolis-St. Paul, MN-WI	666	Milwaukee-Waukesha, WI	605	Indianapolis, IN	545	Lakeland-Winter Haven, FL	479
Salinas, CA	746	Nashville, TN	626	Modesto, CA	572	Jackson, MS	504	Little Rock-North Little Rock, AR	497
San Francisco, CA	1167	Orlando, FL	678	Norfolk-Virginia Beach-Newport News, VA-NC	576	Kansas City, MO-KS	534	McAllen-Edinburg-Mission, TX	418
San Jose, CA	1139	Philadelphia, PA-NJ	722	Omaha, NE-IA	578	Lexington, KY	521	Mobile, AL	482
Santa Barbara-Santa Maria-Lompoc, CA	867	Phoenix-Mesa, AZ	634	Riverside-San Bernardino, CA	597	Memphis, TN-AR-MS	530	Montgomery, AL	496
Santa Rosa, CA	829	Providence-Fall River-Warwick, RI-MA	662	Rochester, NY	606	New Orleans, LA	520	Oklahoma City, OK	468
Seattle-Bellevue-Everett, WA	736	Raleigh-Durham-Chapel Hill, NC	645	Sacramento, CA	613	Peoria-Pekin, IL	553	Pensacola, FL	500
Stamford-Norwalk, CT	1106	Salt Lake City-Ogden, UT	635	Stockton-Lodi, CA	592	Rockford, IL	559	Pittsburgh, PA	495
Trenton, NJ	810	San Diego, CA	729	Syracuse, NY	569	San Antonio, TX	554	Scranton--Wilkes-Barre-Hazelton, PA	480
Vallejo-Fairfield-Napa, CA	753	Sarasota-Bradenton, FL	654	Tacoma, WA	586	Spokane, WA	519	Shreveport-Bossier City, LA	486
Washington, DC-MD-VA	820	Springfield, MA	649	Tampa-St. Petersburg-Clearwater, FL	584	Toledo, OH	528	St. Louis, MO-IL	501
Waterbury, CT	735	West Palm Beach-Boca Raton, FL	715	Tucson, AZ	603	Tulsa, OK	520	Utica-Rome, NY	489
		Worcester, MA-CT	632			Wichita, KS	521	Youngstown-Warren, OH	439

Source: 1999 American Housing Survey.

02CHP book 3/8/02 5:15 PM Page 40

Appendix III
Technical Definitions

02CHP book 3/8/02 5:15 PM Page 41

Technical Definitions Used to Estimate Housing Needs For Working Families From American Housing Survey (AHS) Data

Income — Income in AHS is based on the respondent's reply to questions about income during the 12 months prior to the interview. It includes amounts reported for wage and salary income, net self-employment income, Social Security or railroad retirement income, public assistance or welfare payments, and all other money income, prior to deductions for taxes or any other purpose.

Household income — Reported income from all sources for all household members.

Wage income — Reported income from wages and salary only for all household members.

Overcrowding — The condition of having more than one person per room per residence. Rooms in a residence include kitchens, offices/business rooms, and other finished rooms, and exclude baths, half baths, laundry/utility rooms, storage rooms/pantries and unfinished space.

Severe cost burden — Housing costs exceeding 50 percent of reported income.

Severely inadequate housing — Housing with severe physical problems, as defined in the AHS since 1984.

Working family — A household with: 1) total earnings from wages and salaries exceeding the full-time minimum wage equivalent of $10,712; 2) wages and salaries representing more than half of household's income; and 3) total household income less than 120 percent of HUD-adjusted metropolitan area median family income.

Elderly, not working — household income of less than $2,678 in salary and wage income and head of household or spouse age 62 or older, and no children present in the household.

Non-Elderly, not working — household income of less than $2,678 in salary and wage income and head of household or spouse younger than 62 (although older households with children are included here).

Marginally employed — households with at least $2,678 but less than $10,712 in salary and wage income.

02CHP book 3/8/02 5:15 PM Page 43

02CHP book 3/8/02 5:15 PM Page 44

02CHP book 3/8/02 5:15 PM Page cov3

02CHP book 3/8/02 5:15 PM Page cov4

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