



Affordable Housing and Family Well-Being

Public Policy Brief

April, 2001

According to “A Measure of How Families Are Doing,” a family well-being assessment tool developed in 1994 by Iowa State University, families are at risk - as compared to safe or thriving - when they live in temporary housing, spend more than 1/3 of their income for shelter, live in deteriorating housing conditions, or feel afraid or unsafe in their homes or neighborhoods.¹ Newer data would add to this list that families who move frequently are also at risk.²

A rapidly rising number of families in Minnesota are finding themselves in these situations. According to a recently released report from the Minnesota State Auditor, Minnesota had the third lowest rental vacancy rate in the nation in 1999.³ This tight housing market has driven rental and purchase prices high enough that even families with incomes which would previously have been adequate to provide for stable housing are unable to live in the communities in which they work or have grown up.

The lack of affordable housing in Minnesota affects every aspect of our communities: business and economic development, child care, education/schools, transportation, land use/environment, crime, health, competence in parenting, and the overall well-being of families and communities. The social costs of housing shortages and lack of affordability are enormous, and range from poor health in children to the inability of workers to adequately perform their jobs. Without safe, healthy and appropriate housing, it is much harder for people to be productive members of society, for children to learn, and for families to thrive.

Lack of affordable housing affects every segment of the population, from the very low income to the wealthy, in different ways. It is a problem that cannot be solved unless it is addressed by communities in a thoughtful and systemic way.

What is Affordable Housing?

Housing is affordable when it costs no more than 30% of the gross income of an individual or family.

In the broadest sense, affordable housing is housing that is financially accessible to any person or family who needs it. This means the total cost (rent or monthly mortgage payment plus utilities) falls at or below 30% of a family’s gross income, based on generally accepted standards for affordability.⁴ Because gross incomes vary significantly, there is not a single financial definition for housing that is affordable.

In the current public discussion, affordable housing typically refers to housing that is financially accessible to individuals or families with incomes ranging from minimum wage to entry level professional salaries, and available in the community in which they work or prefer to live.

Why is there an affordable housing shortage?

The affordable housing shortage is a complex problem with no single cause.

Many factors have contributed to the shortage of affordable housing, which has been growing for the last decade or more. The causes are so varied and complex that it makes the problem particularly difficult to address.

- Low vacancy rates have made it difficult to find housing at all, and the heavy demand for rental units has made it attractive for landlords to convert to “market rate.”
- The housing stock is aging and it cannot be brought up to code requirements at reasonable costs.
- The economic boom has resulted in high employment growth, especially in lower paying jobs, creating greater demand for housing where the jobs are located.
- Changes in federal regulations regarding depreciation, reduction of subsidy programs, and high property tax on rental units have made it less profitable (and thus less attractive) for developers to build affordable housing.
- The costs of building materials and services have increased, making it more difficult to recoup costs with affordable rental rates.

- Incomes/wages have not kept pace with housing costs.
- An “ownership” culture has created some negative attitudes about renting, even though renting may be the best option for many people.⁵

Who is affected by the problem?

People in entry level professional careers often are unable to find housing they can afford in the communities in which they work.

Very low income families, such as those working for minimum wage or in low-paying service or trade employment, have had difficulty finding safe and adequate housing for many years. They have often found housing only in areas where poverty is very concentrated. The housing problem for this income group has increased significantly as the tight housing market has driven rental prices up across the board.

The tight market and increased costs of housing have also begun to affect individuals and families at middle income levels. People in entry level professional careers often are unable to find housing they can afford in the communities in which they work.

Based on the premise that no more than 30% of one’s income should be spent on housing, and the fact that the average apartment rental statewide is around \$600 (higher in metro; lower in greater Minnesota), a family needs an income of \$24-25,000 to be able to afford average housing.

Two full-time workers, each making minimum wage, together earn \$21,424 per year. Where there is only one wage earner in the household, paying for housing often takes far more than 30% of the family income, and compromises the family’s ability to meet other necessary expenses such as food, clothing and health care.

How is family well-being affected by the shortage of affordable housing?

A family’s ability to fulfill its basic functions is compromised when adequate housing cannot be found, or when housing takes too much of the household income.

When parents must constantly worry about finding and maintaining housing for their families, their marriages and relationships are likely to suffer, which in turn can result in a host of negative outcomes for their children. Parents under economic stress are frequently unable to provide adequate physical care, including nutrition, and they may be too preoccupied to provide the nurturing and support their children need to form secure attachments, especially at young ages. Abuse and neglect increase when parents are under extreme stress. In some studies, a correlation has been found between economic stress in the family and negative behaviors such as alcoholism in the adolescents in the families affected.⁸

When too much of the family income is spent on housing, parents are forced to skimp on food, and children suffer from poor nutrition, which can lead to chronic health problems and decreased school performance.

Socialization of both children and their parents is difficult, at best, when they are highly mobile, are forced to live in shelters,⁷ or when they live in unsafe, unhealthy conditions.

Inadequate housing often poses health risks for children who live there. These risks may include asthma, lead poisoning, mold allergies, increased respiratory or other infections, or diseases carried by cockroaches or other pests. Health risks are particularly problematic in substandard housing, which is often the only option for families at the lowest income levels.

Insecure housing and frequent mobility have been shown to result in frequent absences and poorer school performance. When children don’t have stable and secure shelter, they are much less able to learn than children who do. With reading and math performance lower, their ability to succeed in high stakes testing will be impaired. Overall literacy is impaired.

“I want stability for my child. I could see the change and how it was bad for her when we... changed schools; it messed up her education and friendships.”

--Kids Mobility Project
interviewee

Parents struggling to provide adequate housing may be unable to give their children the kind of support they need to learn well, such as connections with school, reading to the children, consistent support for homework and a positive climate for learning, and appropriate modeling.⁸

When people live in neighborhoods of concentrated poverty, they are at greater risk of becoming involved in criminal behavior, including violent crime and drug use. This is due in part to the lack of role models and other stabilizing influences.⁹

Unique cultural needs related to space, family support and connections, family size, multi-generational families and desire to be close to other family members, may also be compromised when appropriate housing cannot be found.

What is the current policy status?

Policy changes are mostly geared toward funding and development of affordable housing, and not targeted to the systemic problems.

Legislative proposals currently being considered include reduction in property tax for rental housing, sales tax exemption for low income housing development, designation of TANF reserve for building of more affordable housing, reduction of bureaucratic requirements for developers, removal of other barriers to development such as changes in zoning and land use ordinances, and additional money for transitional housing.

Individual communities have developed affordable housing initiatives, such as the Livable Communities Act in the metro area, and First Homes in Rochester.

In February, 2001, the Minneapolis City Council passed an ordinance requiring all new housing developed with city assistance to set aside 20% of its units as affordable to low and moderate income tenants. Ramsey County has established a fund designated for the construction of affordable housing.

A variety of community agencies, organizations and educational institutions are hosting seminars, workshops and public awareness campaigns related to affordable housing.

Still absent, however, is a comprehensive plan that addresses the greatest barriers in providing adequate housing for all:

- the gap between wages and housing costs;
- lack of supportive services for families that are relocating or using subsidized housing;
- the ongoing challenges for the very low income families where heads of household may or may not be working, and who may or may not have other factors contributing to their inability to maintain housing (such as alcohol or other drug use, or the inability to adequately manage finances).
- the current societal trend toward large homes built on an acreage.
- lack of incentives for developers to build more affordable housing, rather than housing which can bring them market rate income.
- the prejudice which exists in regard to development of affordable housing (the NIMBY - Not In My Backyard - issue);
- the tendency to focus on anti-social behavior that may be a result of living in concentrated poverty, rather than focusing on the causes of concentrated poverty.¹⁰
- the lack of community ownership of the issue, and lack of agreement on the responsibility of taxpayers and government to address housing needs.

How is affordable housing related to other family policy issues?

Educational Reform: Children who are without stable housing are at a distinct disadvantage in school. They have been shown to have poorer performance on testing.¹¹ Schools in areas of concentrated poverty and low income and/or transitional housing are likely to show lower overall test scores than those in communities with more stable housing. This may take on greater importance with the emphasis on high stakes testing.

Affordable and stable housing impacts and is impacted by other policy decisions, such as welfare reform, student achievement policies such as high stakes testing, zoning and land use policies and deconcentration of poverty policies.

Welfare Reform: Welfare reform is resulting in more people seeking jobs, often at low wages, without the safety net they have previously been able to count on to pay for necessities like housing. Housing is just one of many challenges which will be faced by families transitioning off welfare in the next few years.

Out of home placements: Families without stable housing are more at risk to develop internal problems such as neglect, and emotional, verbal, physical or sexual abuse, which may result in the need for out of home placements.

Mental Health: The mental health of both children and adults who live in unstable housing is at much greater risk than those who live in safe, secure housing. High stress can lead to disrupted parenting and even family violence.

Divorce increases the likelihood that families will move, often out of their neighborhoods.¹² In addition to the stress divorce itself places on children, the divorce of their parents may require children to change schools and live in unfamiliar environments.

Deconcentration of poverty policies have a mixed impact on families. When families are able to take advantage of them and move to “new” neighborhoods, they have some degree of success, particularly if supportive services are also provided. But more families are either unable, or unwilling, to move from the concentrated poverty areas in which they reside and leave the services and relationships they have come to rely on.¹³

Availability of shelters: Domestic abuse shelters and emergency shelters are over capacity due to the increased need, and increased length of stay due to lack of housing options. Emergency shelters report that families return over and over because they are not able to find housing. Living in vehicles, out of doors, or with family or friends are often short-term options between stays at shelters.¹⁴

Notes

¹ “*A Measure of How Families Are Doing*,” adapted by Dr. Karen Shirer, Iowa State University Extension, with permission from Mid-Iowa Community Action. Available on-line at: http://www.exnet.iastate.edu/Pages/families/cyfar/pdf/fam_chart.pdf

² Buerkle, Karla and Christenson, Sandra (1999). “A Family View of Mobility Among Low-Income Children,” *CURA Reporter*, Vol. 29, No. 2. (Report of Kids Mobility Project available online at: <http://www.fhfund.org/Research/kids.htm>)

³ Program Evaluation Report: Affordable Housing, Office of the Legislative Auditor, State of Minnesota, January 2001. Available online at: <http://www.auditor.leg.state.mn.us/pe01/pe0103.htm>

⁴ Affordable Housing defined as 30% of gross income is cited by nearly every source on affordable housing.

⁵ “Toward Housing For All,” *Findings*, Wilder Research Center, January 2000.

⁶ Conger, Katherine Jewsbury, Rueter, Martha A., and Conger, Rand D. (1999). “*The Role of Economic Pressure in the Lives of Parents and Their Adolescents: The Family Stress Model*,” Institute for Social and Behavioral Research, Iowa State University. (Martha Rueter is now with the College of Human Ecology, Family Social Science Department, University of Minnesota).

⁷ Buerkle and Christenson.

⁸ Buerkle and Christenson.

⁹ Goetz, Edward G. (2000). “The Politics of Poverty Deconcentration and Housing Demolition,” *Journal of Urban Affairs*, 22:2, 157-173.

¹⁰ Goetz, (2000).

¹¹ Buerkle and Christenson.

¹² South, Scott J., Crowder, Kyle D., and Trent, Katherine (1998). “Children’s Residential Mobility and Neighborhood Environment Following Parental Divorce and Remarriage,” *Social Forces Journal*, 77:667-693.

¹³ Goetz, Edward G. (2000). “The Effects of Subsidized Housing on Communities,” *Just In Time Research: Resilient Communities*, University of Minnesota Extension Service. Available online at: http://www.extension.umn.edu/distribution/familydevelopment/components/7565_09.html

¹⁴ “*Toward Housing For All*.”

Other sources used, but not cited:

Minnesota Association of County Social Service Administrators (MACSSA) Report on Affordable Housing, June 2000.

“Affordable Housing For the Region: Strategies for Building Strong Communities,” A Report of the Mayors’ Regional Housing Task Force, November, 2000.

For additional information, contact the Children, Youth and Family Consortium at (612)625-7849.

For links to on-line studies and resources, visit the Consortium’s housing website at:

<http://www.cyfc.umn.edu>