

November 27, 2018 | Maya Logan



AFFORDABLE HOUSING

Confronting the System: Improving the Cost and Navigation of Affordable Housing

Executive Summary

Housing is an essential right for all humans. This policy brief reviews the evidence linking cost burdens and application constraints to the decline of affordable housing in Orange County, NC. Innovative approaches are proposed to assist in reducing the affordable housing gap and accessibility. In efforts to combat the lack of affordable housing, this crisis will only be corrected by enacting proper policy and legislation that protect low income North Carolinians.

What is affordable housing?

Housing that is priced is that households with low income can afford to purchase and very low incomes can afford to rent it. Low income households should not pay more than 30% of their income for the rent and utilities or mortgage or they will not have enough left over to pay for other necessities.

“Housing remains the major unfinished business of the civil rights movement.”

- Richard Rothstein (Economic Policy Institute research associate)

Decent affordable housing is a fundamental human right. Many families contemplate whether to pay their rent or supply food to their children. As a result, families must factor in the amount of income they have to spend on utilities and other life expenditures. Does housing come before food or food before utilities. This dilemma confronts numerous families residing in the U.S.

The United States is facing an affordable housing crisis from big cities to small towns alike. While all states are scrambling to find ways to combat the crisis, the hardship of receiving affordable housing stifle many Americans. Overall, the U.S. has a shortage of 7.2 million rental homes affordable and available to extremely low-income renters, whose income is at or below the poverty guideline or 30% of their area median income.ⁱ In North Carolina, the situation is even worse in Orange County. Specifically, there is a total of 31 affordable and available rental homes per 100 extremely low-income renter households.ⁱⁱ Due to the cost burden and the difficult affordable housing application process, there is a decrease in homeownership and reduced housing access to low income citizens. In order to bring homes within reach to all Orange County residents, there must be a call to action to help reduce the cost of housing and the application process difficulty.

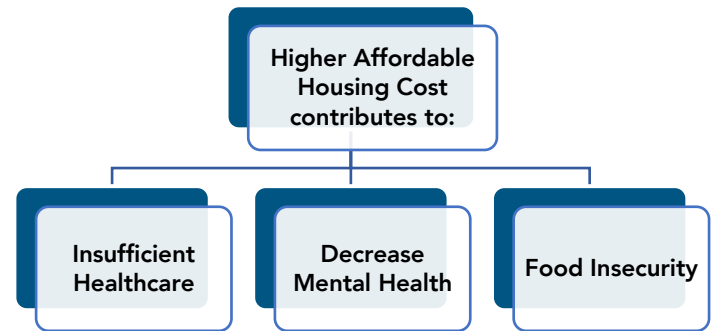
Affordable Housing Includes:

- the Section 8 Housing Choice Voucher (HCV) program
- the Project-Based housing program
- Other facets of providing affordable housing.



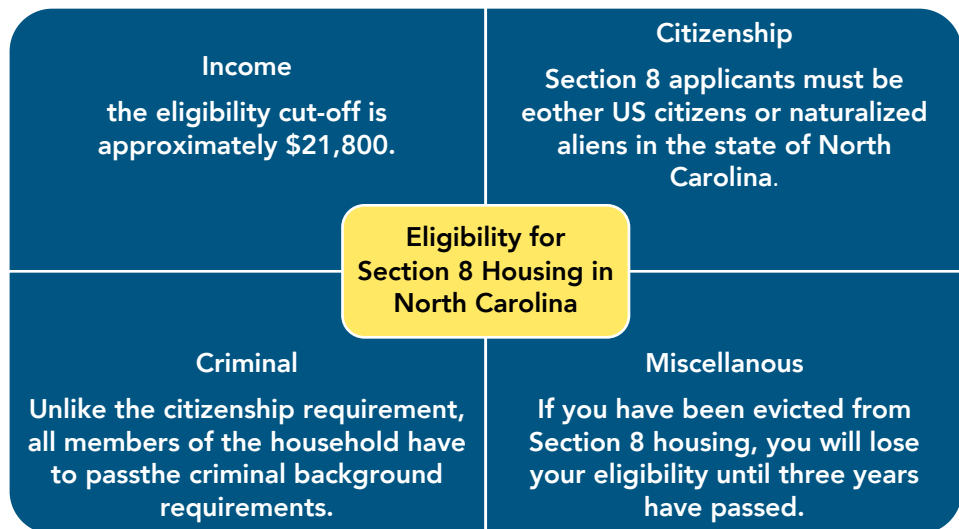
Cost Burdens

In recent years, wages have stagnated while rents have continued to climb resulting in a sharp decline of low-income homes and an increase in homelessness. To illustrate, “rent is unaffordable for 50.6% of North Carolina renters.”ⁱⁱⁱ The average North Carolinian must sustain a yearly income of \$29,897 to afford a two-bedroom apartment, while in Orange County the yearly salary must be \$33,720.^{iv} The higher yearly salary in Orange County limits low income renters because households with more income can afford a wide range of housing prices. With high cost burdens, individuals are more likely to fall behind rent or even face eviction which will affect the individual’s rental history. Cost burdens directly lead to the lack of stable housing for low income residents which can inevitably disrupt a household’s economic security and employment.



Affordable Housing Application Constraints

The navigation of the affordable housing process and application is time consuming, inefficient and confusing. There needs to be improvements in the government-funded housing application and process. The process consists of numerous forms to fill out and various rules to follow along with confusion and frustration. After completing the application process, many individuals are rejected;



however, for the few individuals who are accepted, a waitlist awaits. From the waitlist, one’s name has to be at the top in order to receive housing assistance which could take years. For example, “if you applied in January 2016, and the office is pulling applicants who applied in January 2013, you likely still have a long wait for assistance”^v. There needs to be state action that improves the time rate and structure of the housing application to make it understandable to applicants.



Recommendations and Policy Implications

States such as South Carolina, are leading a proactive role in shifting the cost burden and application barriers of affordable housing. South Carolina

Democratic Congressman, Jim Clyburn, proposed a better deal to combat the affordable housing crisis by “taking a comprehensive approach to funding public housing developments and revitalizing neighborhoods with

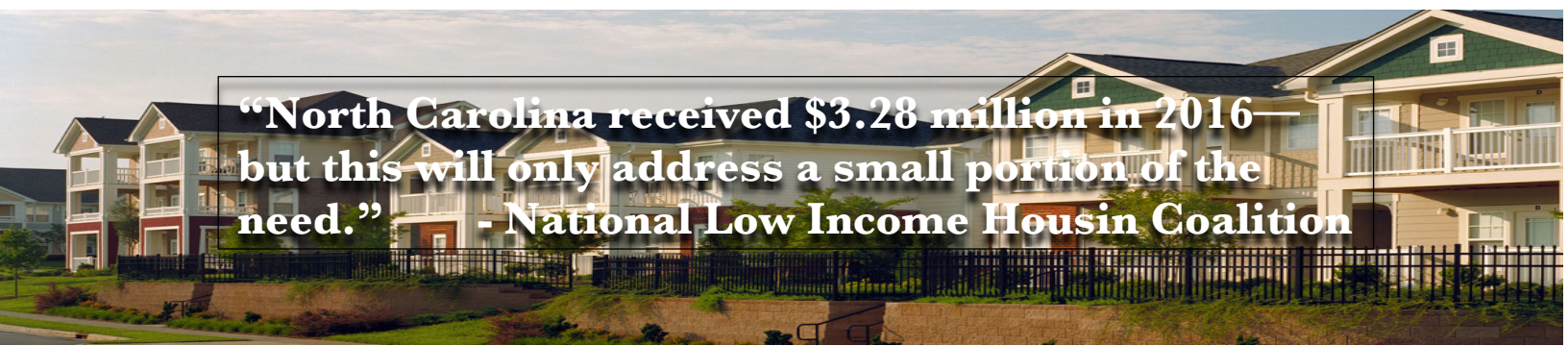
Access to Affordable Housing			
	County	State	Year
Percentage of people paying more than 30% of income toward rent	50.4%	50.6%	2012-2016
Fair market rent for a two-bedroom unit	\$978	\$821	2017
Two-bedroom housing wage (Number of hours/week a minimum wage worker would need for a two-bedroom unit)	\$18.81	\$15.79	2017

\$70 billion over the next five years”^{vi}. In Orange County, if NC democrats would increase funding to affordable housing properties that offer other programs, such as the Low-Income Housing Tax Credit programs, they would likely have shorter waiting lists than Section 8 and Public Housing and a higher quality of living. In addition, the Orange County region needs more housing to reduce price pressures. As new housing is built, the rents are increasingly higher due to construction and time leaving a gap in the number of residents able to live there. For every new apartment complex, policy should require a certain number of units dedicated to affordable housing. According to Table 1, the state two-bedroom housing wage is significantly lower than the Orange County wage which highlights the lack of housing accommodation for low income citizens in Orange County.

Table 1: "Orange County." *Budget and Tax Center*, May 2018. [http://www.ncjustice.org/sites/default/files/BTC/2018countysnapshots/2018 County Economic Snapshot_Orange.pdf](http://www.ncjustice.org/sites/default/files/BTC/2018countysnapshots/2018%20County%20Economic%20Snapshot_Orange.pdf), Table.

Conclusion

The figures presented in this report indicate that additional attention needs to be paid to lessening the housing cost burdens on North Carolinians and improving the affordable housing application process. The state’s government involvement with a variety of housing initiatives including providing funding for the NC Housing Trust Fund and administering federal programs such as the Low-Income Housing Tax Credit can play an integral role in improving housing conditions and affordability in the state. Additional support has been provided through the new Federal Housing Trust Fund program—North Carolina received \$3.28 million in 2016—but this will only address a small portion of the need.^{vii} The most important action the state can take is to increase its contributions to the NC Housing Trust Fund, which is used to produce new rental housing that is more affordable to moderate-income families. Furthermore, due to the difficult application process, many residents are discouraged to apply for affordable housing. By simplifying the application and improving the waitlist time, low income individuals will be less likely intimidated by the process and be able to easily navigate the application.



“North Carolina received \$3.28 million in 2016 but this will only address a small portion of the need.” - National Low Income Housing Coalition



-
- ⁱ Aurand, Andrew, Dan Emmanuel, Diane Yentel, Ellen Errico, and Majorie Pang. "Gap Report: North Carolina." National Low Income Housing Coalition. March 2018. Accessed November 2, 2018. The U.S. has a shortage of 7.2 million rental homes affordable and available to extremely low income renters, whose income is at or below the poverty guideline or 30% of their area median income.
- ⁱⁱ Ibid.
- ⁱⁱⁱ Ibid.
- ^{iv} Ibid.
- ^v "Where to Begin." *Where to Begin - MassLegalHelp*, www.masslegalhelp.org/housing/where-to-begin.
- ^{vi} Clyburn, James E. "A Better Deal On Housing." *U.S. House of Representatives*, June 2018, pp. 1–4., clyburn.house.gov/sites/clyburn.house.gov/files/documents/ABetterDealOnHousing2018.pdf.
- ^{vii} Rohe, William, Todd Owen, and Sarah Kerns. "Extreme Housing Conditions In North Carolina." *Center Four Urban and Regional Studies*, February 2017, 1-52. Accessed November 2018. <https://curs.unc.edu/files/2017/02/Extreme-Housing-Conditions-in-North-Carolina.pdf>.