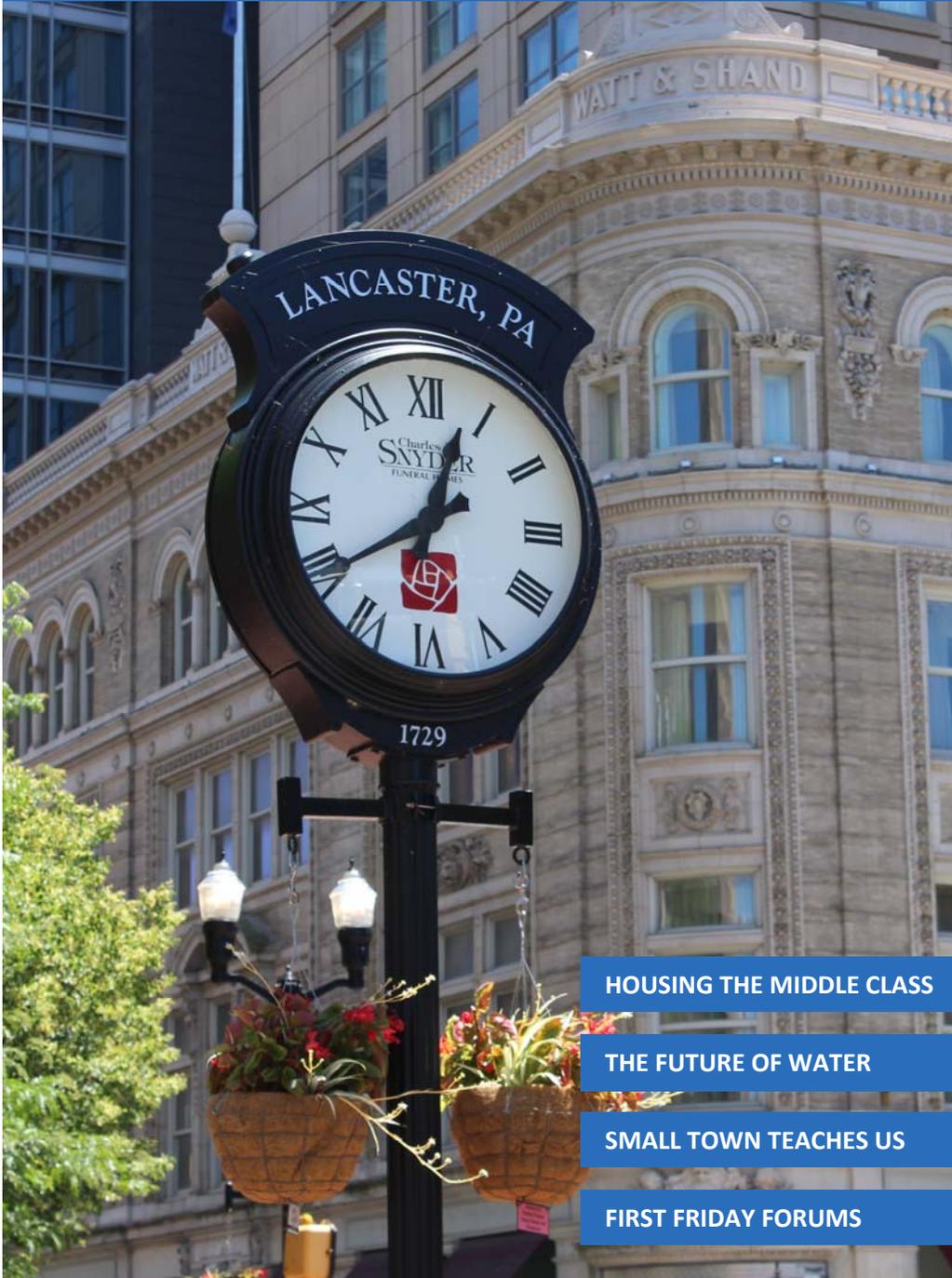


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HOUSING THE MIDDLE CLASS

THE FUTURE OF WATER

SMALL TOWN TEACHES US

FIRST FRIDAY FORUMS

HOUSING THE MIDDLE CLASS

Cost, crowding, and commuting

Simply stated – in the past 10 years housing costs have risen faster in the U.S. than household incomes. Historically, the lack of affordable housing has been a problem for low-income families, but now middle-income families are also suffering from the lack of affordable housing. Housing stresses vary by household income, type, race, and geography. While many middle-income families are doing well, distinct population groups are not.

Housing is the single largest expenditure in most family budgets, more than twice the amount spent on either transportation or food. The lack of affordable middle-class housing hurts communities across the United States. Racial discrimination can affect household location and tenure. Zoning laws often restrict development of apartments. Discriminatory mortgage lending has resulted in African-Americans and Latinos having lower homeownership rates.

Housing can enhance wellbeing or create distress

Having a stable, decent home in a safe, healthy community is critical to family wellbeing. Where families live affects their access to jobs, transportation, social networks, schools, healthcare, and public safety. Middle-income households make complex choices when finding housing including what percentage of monthly budget to spend on housing, the size/quality and location of the home, and its proximity to work, schools, and family. Housing costs can create family financial stress. The larger the share of income that goes to

rent or mortgage payments, the less money a family has for food, transportation, health-care, other necessities, and family emergencies.

Families can reduce their housing expenses by downsizing – more people per bedroom – or doubling-up with other households. This crowding can create significant everyday stress. Housing expenses can be reduced by moving farther away, which creates long stressful commutes – sometimes longer than one hour.

Households are stretching to afford housing

The HUD standard says that housing costs above 30% of family income are “cost burdened” and costs above 50% are “severely burdened”. Looking at all middle-income households, renter households spend about 30% of their income on housing and homeowners spend 25%. In Lancaster County, 16.97% of households are cost burdened and 13.40% are severely burdened. In the City of Lancaster, 19.53% are cost burdened and 21.89% are severely burdened.

Lower-middle-income households spend a greater percentage on housing. And to a smaller degree, percentages also vary by housing type, race, and geography. Families with children spend more of their income on housing than households without children. Asian middle-income households spend a greater percentage of their income on housing than white, black, and Latino households.



Crowding in middle-income housing

Crowding is rare, except in expensive metro areas. On average, middle-income households occupy homes with one person per bedroom – half the threshold for crowding. In metropolitan areas the number is higher for higher priced homes and is not significantly affected by family income. On average, about 3% of all middle-income households across the country are classified as crowded (2 or more people per bedroom), but nearly 6% of households in the most expensive metro areas are classified as crowded. The highest levels of crowding are experienced in metro areas along the coast of California.

Crowding is more of a problem for families with children. About 5% of families with children in the cheapest metro areas are crowded, rising to 14% of families in the most expensive metro areas. Crowding is extremely rare among childless households both under and over age 40.

Long Commutes in expensive housing markets

Workers in most middle-income households have commute times close to the national average of 27 minutes. Commute times don't tend to vary as a function of household income or household type. But they do vary greatly by metropolitan area housing prices. In order to find affordable housing in metro areas, middle-income people are often forced to accept longer commute times. Commutes of more than one hour

each way are most common in expensive metro areas. Only 4% of households in the least expensive metro areas have hour-long commutes, compared to more than 10% of households in the most expensive metro areas.

Income, age, and race are limiting factors in homeownership

Across the country, about 62% of all households own their home. Within middle-income households, homeownership varies by income. More than 70% of the highest income households are homeowners, compared to 40% of the lowest income households. Childless households over age 40 are the most likely to own their homes, and childless households under age 40 are the least likely to own their home. Families with children are more likely to own their home than families without children.

Homeownership rates vary by race and geography. White middle-income families are more likely to own their home than black, Asian, or Latino families. Homeownership rates are lower in the most expensive metro areas because of high home costs and high down payment costs.



Edited from a Brookings Report, May 7, 2019, "Cost, Crowding, or Commuting? Housing Stress on the Middle Class," written by Jenny Schuetz. 