



# FACTS & TRENDS

Quantative evidence of emerging trends

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## LOW-INCOME HOUSING

Housing experts suggest the U.S. supply of low-income housing units will decline rapidly during the 1990s. Nearly 1 million low-income housing units will be demolished, upgraded, or otherwise lost by the year 2000. Planned investment in new low-income units will fall far short of replacing these lost units.

Reduced federal investment in new units during the 1980s, and the deterioration and expected loss of existing housing stock is likely to exacerbate this large supply gap in coming years. Most experts agree that creative strategies for construction and financing from both public and private sectors are essential in order to preserve existing low-income housing stocks until new housing can come on line.

A number of demographic, economic, and social trends suggest that problems of affordable shelter are likely to escalate in the 1990s and beyond.

## TRENDS

Low-income rental costs are increasing, but disposable income for low-income renters is falling. Between 1970 and 1983, median housing costs have increased almost twice as fast as median income. Income for the lower fifth of the population during this period has remained stable, with income for low-income families with children actually falling by 15 percent.

Low-income housing stock is being lost faster than it is being replaced. From 1973 to 1985, over 2 million low-income units were demolished or converted to higher-income uses. In that same period, only about 1.4 million new units were put into service.

Economic pressures — especially in urban areas — are encouraging landlords to upgrade low-income rental units as federal subsidy contracts or mortgage requirements expire on their properties. As a result, an estimated one million privately-owned, low-income units are likely to be lost to conversion pressures during the next five years.

Investment in new low-income housing is on the decline. In recent years, fewer than 25,000 low-income units per year have been built, down from about 130,000 per year between 1976 and 1982. This decrease has followed an 80 percent decline in new housing commitments by the federal government in the last decade, as well as changes to the tax code which have made rental housing investments less attractive to investors.

Waiting lists for those qualifying for public housing or other forms of rental housing assistance are growing. Nationally, there are an estimated 1 million families on waiting lists for public housing. Some cities are no longer adding names to the list. The pool of low-income families