

Housing – At What Cost?

“Had the level of federal investment in low-income housing of the mid-1970s just been maintained, the wave of homelessness that swept over the country in the 1980s and continues to this present day could have been prevented. Indeed, much of today’s affordable housing crisis could have been avoided.”

Sheila Crowley, National Low-Income Housing Coalition.

In the last 25 years, annual federal housing assistance for the low-income has decreased from \$77 billion, adjusted for inflation, to \$24.6 billion.

At minimum wage, \$5.15 per hour, a worker can afford monthly rent of no more than \$257. That worker would have to work 89 hours per week in order to afford a two-bedroom apartment at our area’s Fair Market rent.

A disabled SSI recipient, receiving \$545 monthly, can afford monthly rent of no more than \$164, while the Fair Market Rent for a one-bedroom apartment is \$343 throughout most of our area.

While introducing the National Low Income Coalition *Out of Reach 2002* report, Senator Edward M. Kennedy declared, “Every year, the rising cost of housing forces millions of Americans to choose between having a roof over their head and meeting their basic needs. *Out of Reach 2002*, presents shocking evidence that no corner of our land is immune to a housing crisis that has reached epidemic proportions and grows worse with each passing day.” Our country has rich resources and yet the commitment to housing for all remains weak. Here in the Coulee Region, we, too, have rich resources, yet hundreds of families are unable to find good housing that they can afford. There would be little argument about the fact that everyone in our area should have access to safe, decent and affordable housing. But – at what cost?

Housing costs generally consume the largest chunk of household income. Many of the households in our communities spend in excess of the Maximum Affordable Housing Cost. This is defined as not spending more than 30% of income on housing costs. About one in three renter households in our area pays in excess of the 30% standard for housing cost. About one quarter of all renters pay rent **in excess of 35%** of their total household income.

Large numbers of families and individuals cannot pay for affordable housing. Each year, the Department of Housing and Urban Development sets Fair Market Rents (FMR) for states and selected communities.

In our area, Fair Market Rents for a three-bedroom housing unit are:	
\$550 – Crawford County	\$575 – Monroe County
\$655 – La Crosse County	\$550 – Vernon County

A Monroe County family consisting of a single parent with a six-year old daughter and ten-year old son needs a three-bedroom apartment. The FMR for this apartment is \$575.

This family needs an annual income of \$23,000 so that rent does not exceed 30% of their income. The wage earner has to work 40 hours per week, 2080 hours annually at \$11.06 per hour. This is more than twice the present minimum wage of \$5.15 per hour.

The housing wage in Wisconsin is \$11.26. This is the amount a worker needs to earn per hour, 40 hours per week, in order to afford a two bedroom apartment at the Fair Market Rent. The housing wage for our area is:

La Crosse: \$9.40 Monroe: \$8.31
 Vernon: \$8.31 Crawford: \$8.31

The following shows what kind of housing families with differing levels of income can afford based on Fair Market Rent levels in La Crosse County.

Hourly wage	Average monthly income (2000 hrs/year)	30% of income	Affordability at monthly FMR per unit size (La Crosse County)				
			Efficiency \$299	1 bedroom \$385	2 bedroom \$489	3 bedroom \$655	4 bedroom \$793
5.15	858	257					
5.98	997	299	X				
7.70	1,283	385	X	X			
9.78	1,630	489	X	X	X		
13.10	2,183	655	X	X	X	X	
15.86	2,643	793	X	X	X	X	X
Housing Affordability for a Family of Three based on a percentage of the Federal Poverty Level (FPL)							
100 %	1,252	376	X				
150%	1,878	563	X	X	X		
185%	2,316	695	X	X	X	X	
200%	2,503	751	X	X	X	X	

Issues related to the housing crisis for families with lower income are numerous and complex.

- According to the U.S. Bureau of Labor Statistics, in the year 2000 more than 2.7 million workers in the United States had earned income at or below the prevailing Federal minimum wage. About two-thirds of these workers were women. These numbers do not include workers whose earnings hover just above the minimum wage. The Federal minimum wage of \$5.15 has not changed since 1997, yet rental costs continue to rise. This results in low-income households paying precariously high percentages of their income for housing, living in poor quality housing or becoming homeless.
- NIMBYism (Not In My Back Yard) – discrimination in the siting of housing for people who are poor, disabled and/or not white – is widespread.
- Local affordable rental housing that meets housing quality standards is insufficient to meet the need. Families are too often forced either to pay higher rent than they should for decent housing or to rent housing that is unsafe or unhealthy.
- Housing vouchers that pay the difference between the Fair Market Rent and 30% of household income have been used as one means of addressing housing affordability. Vouchers only work if there is an adequate supply of safe and sanitary housing and enough landlords who will participate in the program.

- While 63% of households in the four-county area are homeowners, lower income households make up the majority of the rental market and are under-represented in the homeowner market.

In the past 25 years, direct federal aid for low-income housing assistance dropped from \$77 billion, adjusted for inflation, to \$24.6 billion in 2001. During the same time, tax deductions and other tax expenditures from the federal treasury for homeowners soared from \$29.4 to \$121.1 billion. Federal investment in housing assistance is inequitable and so complex that even those who are most highly subsidized, homeowners, do not realize that they benefit from a public entitlement.

What can we do?

- Advocate for policies that improve the economic status of families. Policies should include educational aids, living wage requirements, better jobs in the community, and strong income support for strengthening families.
- Contact federal representatives to make discrimination based on the source of income unlawful so that landlords will more readily accept vouchers and other forms of assistance.
- Support efforts of Couleecap, local Housing Authorities and other agencies, such as Habitat for Humanity, to build and maintain new rental housing stock for those most needing it in our communities.
- Let your elected officials know that you support housing assistance for low-income families through development of new housing, additional vouchers, emergency assistance, and rental payment assistance.
- Help to link people with local resources that may help them to meet their housing needs.

We can no longer tolerate the growing chasm between what rental housing costs and what people can actually afford. The lack of affordable housing and its impact on local families, affects us all. However, low-income families take the hardest hit. Housing is moving out of reach, even for full time working citizens. We need to work together, focusing all available resources on providing good housing for all.

Presented by Pat Tucker, Planning Director
Couleecap, Inc.
Westby, WI 54667

Sources:

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