

**Written Testimony of**

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**Before the U.S. Senate Committee on Banking, Housing, and**

**Urban Affairs**

**“Home = Life: State of Housing in America”**

**March 16, 2021**

**2:00 pm ET**

Chairman Brown, Ranking Member Toomey, Members of the Committee: Thank you for inviting me to testify at this hearing.

I am the Managing Director of the Joint Center for Housing Studies of Harvard University and a Lecturer in the Department of Urban Planning and Design at Harvard's Graduate School of Design. I am also a member of the Board of Directors of Freddie Mac. Through its research, education, and public outreach programs, the Joint Center for Housing Studies' mission is to advance understanding of housing issues and to help leaders in government, business, and the civic sectors make decisions that effectively address the needs of cities and communities. For more than three decades we have published the annual report *The State of the Nation's Housing* and I am very pleased to have the opportunity to share the work of our Center with the Committee today.

### **Introduction**

The tumultuous events of the past year have both illuminated and exacerbated our nation's many housing challenges. The economic and health impacts of the COVID pandemic have put tens of millions of Americans who were already struggling to pay for their housing at risk of eviction and foreclosure. The national reckoning with our long history of racial injustice has rightly put a spotlight on glaring racial disparities in access to decent, affordable housing in thriving communities. And the devastating impact of climate change on housing security has been evident in a series of damaging hurricanes in the Gulf Coast, in wildfires in the West, and in the recent frigid weather in the South that left thousands without electricity, heat, or water for many days.

At the same time, the pandemic has also highlighted the important role that housing plays as a key driver of the overall economy. Housing expenditures typically account for nearly a sixth of economic activity. But over the last few months, strong activity in the housing market, including strong existing home sales, high levels of new construction, and a thriving remodeling market, have been a bright spot in an otherwise very troubled economy. Thus, public support for the housing sector is not only critical to improving the well-being of families and individuals but also has important benefits for the broader economy.

In my testimony today I'll highlight five key housing challenges we face as a country that in my view call for more concerted public, private and non-profit efforts to address.

## **Millions of Renters Face Severely Housing Cost Burdens**

As a rule of thumb, housing is considered unaffordable when a family spends more than 30 percent of its income for shelter. By this metric, the share of renters paying an excessive amount of income on housing, which has been rising steadily for decades, has greatly increased since the start of this century (Figure 1). In 1960 only 24 percent of renters exceeded this affordability standard. But at last count in 2019, the share was almost twice as high at 46 percent. Indeed, this metric is so commonly exceeded that we now also track the share of households with severe housing cost burdens—spending more than 50 percent of income on housing—and this share alone is now 24 percent. Overall, more than 20.4 million renters are housing cost burdened, including nearly 10.5 million who are severely burdened, a number that has remained stubbornly high since peaking in 2014.

While the incidence of renter cost burdens does vary across markets, there are no areas of the country that are immune to this challenge. The issue is most severe in Florida, Hawaii, California, and Nevada where more than half of renters spend over 30 percent of their income for housing. But even in the states with the lowest rates—states in the Upper Midwest and Appalachia—nearly four out of ten renters are cost burdened.<sup>1</sup> Cost burdens are somewhat lower in non-metropolitan areas as housing costs tend to be lower, but again even in these areas 38 percent of renters are cost burdened.

Notably, since the start of the 2000s renter affordability challenges have been moving up the income spectrum. The largest increases in the share cost burdened since 2001 has been among those earning \$25,000-\$49,999, up 13 percentage points over this period (Figure 2). Still, the problem is most concentrated and severe among lowest-income renters with more than 80 percent of those earning under \$25,000 cost burdened, including 62 percent who are severely cost burdened. Indeed, roughly two-thirds of all severely burdened renters are in this lowest-income group.

The consequences of these severe cost burdens are many and significant. Perhaps most importantly, the burdens lead to housing instability as renters are one hardship away from being unable to pay their rent. And since, as Princeton University Sociology Professor Matthew Desmond has noted, “the rent eats first” each month these families and individuals are forced to make difficult tradeoffs, spending far less on food, healthcare, and savings than those who

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<sup>1</sup> Joint Center for Housing Studies. The State of the Nation’s Housing 2020. Harvard University, 2020. Available at: <https://www.jchs.harvard.edu/state-nations-housing-2020>

are able to find affordable housing.<sup>2</sup> Desmond's work also highlights the profound impact that a lack of stable, affordable housing has on families, disrupting schooling and undermining the ability to maintain employment.

Conditions for low-income families with children and those headed by older adults are especially troubling. Among households with children under age 18 in the bottom expenditure quartile in the 2018 Consumer Expenditure Survey, those with severe cost burdens spent 93 percent less on healthcare (including insurance premiums and out-of-pocket expenses) and 37 percent less on food than unburdened households. Differences among households in the bottom expenditure quartile headed by those age 65 and over are similarly large. Older adults with severe cost burdens spent 50 percent less on healthcare and food than same-age households without burdens.<sup>3</sup>

The COVID pandemic has greatly exacerbated these existing challenges, as the loss of income during the pandemic has fallen most severely on low-income renters and people of color who were already struggling to pay rent each month. Phase 3 of the Census Bureau's Household Pulse Survey, conducted since November, finds that while 17 percent of all renter households report being behind on their rent, these shares are much higher for those earning under \$25,000 (24 percent) and for Black (27 percent) and Hispanic (21 percent) renters (Figure 3).

For these lowest-income households, the private market is simply unable to supply housing that is within their financial reach. Consider that at an annual income of \$15,000—what someone earns working full-time at the federal minimum wage—rents would have to be \$375 a month to be affordable under the 30 percent standard. Even at \$25,000, rents would have to be \$625 a month to be affordable. These levels are well below what a typical home rents for even in the lowest-cost areas of the country. Rental subsidies are needed to fill the gap between what these families can afford and these market rents, but, because such aid is limited, only 29 percent of those earning less than 50 percent of area median income, and therefore eligible for most federal assistance programs, are able to secure this assistance.<sup>4</sup> Given the profound impact that stable, affordable housing has for those able to secure it, there is a compelling need for expanded efforts to provide the rental assistance that millions of households direly need.

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<sup>2</sup> Desmond, Matthew. *Evicted: Poverty and profit in the American city*. Crown, 2016.

<sup>3</sup> Joint Center for Housing Studies of Harvard University. *The State of the Nation's Housing 2020*. Harvard University, 2020. Available at: <https://www.jchs.harvard.edu/state-nations-housing-2020>

<sup>44</sup> Watson, Nicole Elsasser, Barry L. Steffen, Marge Martin, and David A. Vandembroucke. *Worst Case Housing Needs: 2019 Report to Congress*. US Department of Housing and Urban Development, June 2019. Available at <https://www.huduser.gov/portal/sites/default/files/pdf/worst-case-housing-needs-2020.pdf>

## **Constrictions on the Supply of New Housing Contribute to Affordability Challenges**

One important factor behind the deterioration in affordability is that the supply of new housing has barely kept pace with household growth, putting upward pressure on rents and home prices. Since the 1970s the addition of new homes through construction has typically exceeded household growth by about 20 percent, enough to accommodate not only new households but also to replace of older homes and meet the demand for second homes (Figure 4). But for much of the last decade, new construction has barely kept pace with household growth, a streak that is unprecedented. Research from Freddie Mac examining new housing supply relative to growth in demand at the state level finds that 29 states have a housing deficit relative to what would be needed based on historic vacancy levels, totaling 3.3 million units.<sup>5</sup>

Furthermore, much of the shortfall in supply has been among homes of modest size, which, over the last two decades, have declined sharply as a share of all new units. For example, the share of new single-family homes under 1,800 square feet has fallen sharply since the start of the 2000s, down from 37 percent in 1999 to just 21 percent by 2015 (although it has since inched up to 24 percent). Similarly, over the same period, multifamily housing has been increasingly concentrated in large structures, which have higher development costs, while so-called ‘middle’ housing types have dwindled.<sup>6</sup> In 1999 just over half of new multifamily housing consisted of small buildings with between 2 and 19 units while just 12 percent had 50 or more. By 2019 these shares had been reversed with a majority of new units in high-rise buildings.<sup>7</sup>

A number of factors are behind this trend, but regulatory barriers in the form of restrictive zoning and other land-use regulations that limit opportunities to produce housing at greater density, difficult approval processes, and high impact fees have been important contributors.<sup>8</sup> Of course, regulations also generate benefits in promoting the health and safety of individuals and communities and in promoting more efficient forms of urban development that must be balanced against any costs imposed. In a comprehensive review of the academic literature, Gyourko and Malloy (2014) conclude that regulations are found to reduce construction, raise prices, and promote sprawl, although they note it is difficult to gauge the benefits produced to

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<sup>5</sup> Freddie Mac, Economics and Research Group. *The Housing Supply Shortage: State of the States*. Economic and Housing Research Insight, February 2020. Available at: <http://www.freddiemac.com/fmac-resources/research/pdf/202002-Insight-12.pdf>

<sup>6</sup> Parolek, Daniel G. *Missing Middle Housing: Thinking Big and Building Small to Respond to Today's Housing Crisis*. Island Press, 2020.

<sup>7</sup> US Census Bureau, *Survey of Construction*, available at: <https://www.census.gov/construction/chars/>.

<sup>8</sup> Schuetz, Jenny. “Who’s to blame for high housing costs? It’s more complicated than you think.” The Brookings Institution, January 17, 2020. Available at: <https://www.brookings.edu/research/whos-to-blame-for-high-housing-costs-its-more-complicated-than-you-think/>

estimate the net impact of regulation.<sup>9</sup> While specific estimates on prices vary widely, one in-depth review by Glaeser, Gyourko, and Saks (2006) estimates that the magnitude of the regulatory tax in the single-family market ranges from 0 percent in such unrestricted markets as Cincinnati and Houston, to as high as 20 percent in Boston, and 30 percent or more in California.<sup>10</sup>

Given the important contribution of supply-side constraints in producing our affordability challenge, there is a clear need for concerted efforts by the public, private and non-profit sectors to pursue both regulatory reform and more efficient means of production that will increase the supply of modest housing at lower cost. While land use regulation is a responsibility of state and local governments, the federal government has the ability to influence these policies through its own policies and funding requirements.

### **The Challenge of Attaining and Sustaining Homeownership**

While the housing boom and bust dramatically demonstrated the risk entailed in owning a home, there is nonetheless strong evidence that homeownership can provide substantial financial benefits while providing greater stability and control over one's home.<sup>11</sup> The financial benefits of homeownership by itself are quite significant. According to data from the 2019 Survey of Consumer Finance, housing equity continues to wealth, account for a large majority of total wealth for people of color and low-income households, while renters are found to have accumulated only a few thousand dollars (Figure 5). Perhaps not surprisingly given the many benefits of homeownership survey research also finds that young people of all races and ethnicities have a strong desire to eventually own a home, with more than 80 percent indicating they would like to own a home someday.<sup>12</sup>

But homeownership rates today remain well below historical benchmarks. Indeed, rates of homeownership among adults from their late 20s through their early 40s remain 3-5 percentage

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<sup>9</sup> Gyourko, Joseph, and Raven Molloy. "Regulation and housing supply." In *Handbook of regional and urban economics*, vol. 5, pp. 1289-1337. Elsevier, 2015.

<sup>10</sup> Glaeser, Edward L., Joseph Gyourko, and Raven E. Saks. "Urban growth and housing supply." *Journal of economic geography* 6, no. 1 (2006): 71-89.

<sup>11</sup> See: Herbert, Christopher E., Daniel T. McCue, and Rocio Sanchez-Moyano. "Is homeownership still an effective means of building wealth for low-income and minority households?(Was it ever?)" and Rohe, William M., and Mark Lindblad. "Reexamining the social benefits of homeownership after the housing crisis" both in in Belsky, Eric S., Christopher E. Herbert, and Jennifer H. Molinsky, eds. *Homeownership built to last: Balancing access, affordability, and risk after the housing crisis*. Brookings Institution Press, 2014.

<sup>12</sup> Drew, Rachel Bogardus, and Christopher E. Herbert. "Post-Recession drivers of preferences for homeownership." *Housing Policy Debate* 23, no. 4 (2013): 666-687.

points below levels from the early 1990s, before the housing boom began.<sup>13</sup>

But even more concerning than the shortfall in homeownership among younger adults are enormous disparities in homeownership opportunities for people of color. As of 2019 homeownership rates for Black households trailed that of non-Hispanic white households by 31 percentage points, while the shortfall among Hispanic households was nearly as large at 26 percentage points (Figure 6). Indeed, the shortfall among Black households is larger today than it was in 1960, before the passage of the Fair Housing Act.<sup>14</sup>

There are a range of factors that contribute to these lower homeownership rates.<sup>15</sup> These differences in part reflect racial disparities in economic opportunity that result in lower incomes and weaker credit profiles. But even accounting for these disparities, an analysis by the Urban Institute finds that substantial numbers of young people of color have sufficient income and credit to be “mortgage ready” and could afford a median priced home in their market if they had the ability to make a 10 percent downpayment.<sup>16</sup>

One barrier facing these young would-be owners is a lack of accurate information about the homebuying process, particularly what is required to qualify for a mortgage. Research by Fannie Mae has found that renters overestimate how much savings is needed and how high credit scores need to be, and that people of color are more likely to lack accurate knowledge of the process.<sup>17</sup> Perhaps more important, however, is a lack of savings needed for downpayment and closing costs. Research has consistently found that cash grants have much greater potential for expanding access to homeownership than simply lowering downpayment requirements or interest rates.<sup>18</sup>

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<sup>13</sup> Joint Center for Housing Studies. *The State of the Nation's Housing 2018*. Harvard University, 2018. Available at: <https://www.jchs.harvard.edu/state-nations-housing-2018>

<sup>14</sup> See <https://www.urban.org/policy-centers/housing-finance-policy-center/projects/reducing-racial-homeownership-gap>

<sup>15</sup> Goodman, Laurie, Alanna McCargo, Edward Golding, Bing Bai, Bhargavi Ganesh, and Sarah Storchak. "Barriers to accessing homeownership: Down payment, credit, and affordability." Urban Institute, November, 2017. Available at <https://www.urban.org/research/publication/barriers-accessing-homeownership>

<sup>16</sup> Goodman, Laurie, Alanna McCargo, Edward Golding, Bing Bai, Bhargavi Ganesh, and Sarah Storchak. "Barriers to accessing homeownership: Down payment, credit, and affordability." Urban Institute, November, <https://www.urban.org/research/publication/barriers-accessing-homeownership> (2017).

<sup>17</sup> Fannie Mae. "What Do Consumers Know about the Mortgage Qualification Criteria?." Washington, DC: Fannie Mae (2015). Available at: <https://www.fanniemae.com/sites/g/files/koqyhd191/files/migrated-files/resources/file/research/housingsurvey/pdf/consumer-study-121015.pdf>

<sup>18</sup> Wilson, Ellen, and Robert R. Callis. "Who could afford to buy a home in 2009? Affordability of buying a home in the United States." Current Housing Reports. Washington, DC: US Census Bureau. May (2013). Available at: [https://www.census.gov/content/dam/Census/library/publications/2013/demo/h121\\_13-02.pdf](https://www.census.gov/content/dam/Census/library/publications/2013/demo/h121_13-02.pdf). See also Herbert, Christopher E., Donald R. Haurin, Stuart S. Rosenthal, and Mark Duda. *Homeownership gaps among low-income*

Expanding access to homeownership and closing these sizeable disparities by race and ethnicity will require a range of policy supports, including homebuyer education and counseling, access to safe, affordable credit, and financial supports to address the shortfall in needed savings. But as important as these approaches would be, it is equally important to ensure there are also supports to help sustain homeowners through inevitable challenges that arise in life. These supports include both counseling for distressed homeowners as well as financial supports to address changes in life circumstances. Approaches to financing homes that help build equity quickly would also expand the benefits of homeownership and expand the financial cushion available to weather future downturns.

Indeed, the COVID pandemic illustrates the importance of such efforts. As with renters, homeowners of color and low-income households are disproportionately likely to report being behind on their mortgage payments (Figure 7). While 7 percent of non-Hispanic white homeowners currently report being behind on their mortgage, the rates are more than twice as high among Black (17 percent) and Hispanic (16 percent) owners and three times higher among those earning under \$25,000. While forbearance offered to government-backed loans is currently in place for 2.7 million homeowners, these mortgage payments are still going to be due eventually. Once forbearance ends, it remains to be seen whether these owners will be in a position not only to make up what they owe but also to resume making payments as large as those made before the pandemic hit.<sup>19</sup> With house prices rising sharply in many areas of the country, failing to retain ownership would represent a significant lost opportunity to both maintain their homes and accrue future wealth.

### **High Levels of Racial and Economic Segregation**

The high degree of residential segregation that exists today is another area of important concern for housing policymakers. Among the many factors contributing to this pattern are discriminatory housing practices, the lack of affordable rental and homeownership options in many communities, and missed opportunities to affirmatively further racial integration. These patterns of segregation by race and ethnicity and by income segregation have critically important implications for who gets access to good quality public services, healthy environments and economic opportunities.

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*and minority households*. US Department of Housing and Urban Development, Office of Policy Development and Research, 2005. Available at:

<https://www.huduser.gov/portal/publications/HOMEOWN/HGapsAmongLnMBnN.html>

<sup>19</sup> Blackknight, *Mortgage Monitoring Report January 2021*. Available at <https://www.blackknightinc.com/black-knights-january-2021-mortgage-monitor/>



Segregation of the Black population is particularly high, although it has declined from extremely high levels in the years following the passage of the Fair Housing Act in 1968.<sup>20</sup> At last count (in the 2010 Census), the average level of segregation across US metropolitan areas indicated that 59 percent of the Black population would have to move to have an even distribution across neighborhoods. However, in large metro areas in the Northeast and Midwest this metric remained near 80 percent, almost as high as levels prevailing decades earlier. People who are Hispanic or Asian are also highly segregated, with average measures indicating that 48 percent of Hispanics and 41 percent of Asians would have to move to achieve an even distribution of these populations across neighborhoods. The level of segregation for these both groups has also not improved over time, with levels close to what they were in 1980.

Meanwhile, segregation by income has actually increased over time. One clear metric of this trend is the share of families living in neighborhoods with median incomes above or below 80 percent or 125 percent of the area median income. In 1970 about two-thirds of families lived in middle-income neighborhoods with the remaining third split between lower-income and higher-income areas (Figure 8). By 2009, the share of households in middle-income neighborhoods had fallen to less than half, with nearly a third each living in lower- and higher-income areas. Clearly, American families have come to reside in areas that include concentrations of either low- or high-income households with a shrinking set of mixed-income communities.

Racial and income segregation intersect for people of color, resulting in very high exposure to concentrated poverty (Figure 9). Nearly two-thirds of the Black, Hispanic, and Native American populations living in poverty reside in communities with poverty rates above 20 percent, about twice the share of the non-Hispanic white population living in poverty. Large shares of relatively affluent households of color also live in these neighborhoods, including 39 percent of both Black and Native American households and 30 percent of Hispanic households.

Racial disparities in housing that result from this segregation are both a cause and a consequence of other social inequalities. Discriminatory practices have limited the opportunities for people of color to live in neighborhoods that offer good-quality schools and public services, while also increasing their exposure to crime and other environmental hazards. The nation's long history of housing and mortgage market discrimination has also prevented

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<sup>20</sup> Logan, John R., and Brian J. Stults. "The persistence of segregation in the metropolis: New findings from the 2010 census." Census brief prepared for Project US2010 24 (2011). Available at: <https://s4.ad.brown.edu/Projects/Diversity/Data/Report/report2.pdf>

generations of Black and Hispanic households from buying homes and accruing wealth. The impact of this systemic inequality is evident in the lower incomes and wealth of today's households of color, a legacy that perpetuates their struggle to obtain decent, affordable housing in safe neighborhoods.

The significant consequences for life chances of growing up in areas of high poverty has been well documented in a series of research projects by Raj Chetty, Nathaniel Hendren, and John Friedman.<sup>21</sup> Among the key conclusions of this work are that every year spent during childhood in highly impoverished neighborhoods lowers lifetime earnings. In addition, growing up in these areas also has deleterious effects on incarceration rates, college attendance rates, fertility rates, and marriage patterns. Given these profound impacts, efforts to ameliorate the degree of segregation and the stark differences in neighborhood conditions for people of color needs to be a high priority of US housing policy.

To promote greater opportunities for racial and economic integration, housing policy needs to be crafted to expand the supply of affordable housing options in a broader range of communities, to support efforts to affirmatively further fair housing, and to coordinate investments in housing with improvements in schools, public safety, and economic development to help revitalize disadvantaged communities.

### **The Need to Adapt Homes to be More Resilient, Healthy, and Age-Friendly**

A final significant housing challenge for the country is to adapt the existing housing stock to be more resilient in the face of climate change, to provide healthier living environments, and to meet the needs of a rapidly aging society.

The impact of climate change on the housing stock is most evident in the growing number and severity of natural disasters (Figure 10). According to the National Oceanic and Atmospheric Administration, in 2020 the US experienced 22 distinct billion-dollar disasters, with the cost of damages from these events totaling \$95 billion, both of which are record highs for a single year. Disasters of this scale require massive recovery efforts, but such efforts often overlook the nation's most vulnerable households, particularly renters. For example, a National Low Income Housing Coalition analysis of Superstorm Sandy's impact in three New Jersey counties found that there were large losses of low-cost rental units in two of the three counties and that many renters received no disaster assistance at all.<sup>22</sup> A 2010 Government Accountability Office report

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<sup>21</sup> For a listing of related research see <https://opportunityinsights.org/neighborhoods/>.

<sup>22</sup> National Low-Income Housing Coalition. 2019. "Long-Term Recovery of Rental Housing: A Case Study of Highly

also showed that only 18 percent of damaged rental units received federal assistance after Hurricanes Katrina and Rita, compared with 62 percent of damaged homeowner units.<sup>23</sup>

Climate change has also added to the number of low-income households facing energy insecurity. When the pandemic forced families to spend more time at home, residential utility use went up—sometimes significantly. This was especially true during the record summer heat last year, when the need for air-conditioning was extreme. For lower-income households, this forced a tradeoff between paying higher utility bills or suffering the health risks of excessive heat.

Even before the pandemic, communities of color were especially at risk of energy insecurity. According to the most recent Residential Energy Consumption Survey, 54 percent of American Indian or Alaska Native, 52 percent of Black, and 45 percent of Hispanic households experienced some form of energy insecurity in 2015—about twice the 25 percent share of non-Hispanic white households.<sup>24</sup> More recent studies have also found that formerly-redlined neighborhoods in US cities experienced more extreme heat events than surrounding areas.

Low-income households and people of color are also much more likely to be exposed to unhealthy environments in the home due to living in older, poorly-maintained buildings that expose residents to hazards such as carbon monoxide, radon, lead, asbestos, and allergens.<sup>25</sup> Indeed, estimates by the American Public Health Association and the National Center for Healthy Housing find that in 2014 about a quarter of asthma cases were linked to the home environment, 21,000 lung cancer deaths were linked to radon in homes, and 24 million homes had lead-based paint hazards.<sup>26</sup>

Lastly, over the next two decades the number of adults in the US age 75 and older is expected to double from 14 to 28 million, which means older adults will account for one out of every five

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Impacted Communities in New Jersey after Superstorm Sandy.” National Low-Income Housing Coalition. December 2019. <https://nlihc.org/sites/default/files/Sandy-Rental-Recovery-Report.pdf>

<sup>23</sup> Government Accountability Office. 2010. “Federal Assistance for Permanent Housing Primarily Benefited Homeowners; Opportunities Exist to Better Target Rental Housing Needs.” GAO-10-17. <https://www.gao.gov/assets/310/300098.pdf>.

<sup>24</sup> Joint Center for Housing Studies. The State of the Nation’s Housing 2020. Harvard University, 2020. Available at: <https://www.jchs.harvard.edu/state-nations-housing-2020>

<sup>25</sup> For a review of literature on these hazards and risks faced by low-income households see <https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-health/interventions-resources/quality-of-housing>.

<sup>26</sup> As reported in Bailey, Peggy. Housing and Health Partners Can Work Together to Close the Housing Affordability Gap. Center on Budget and Policy Priorities., 2020. Available at <https://www.cbpp.org/research/housing/housing-and-health-partners-can-work-together-to-close-the-housing-affordability>

households.<sup>27</sup> At this stage of life the incidence of physical limitations on mobility begin to rise sharply, requiring accommodations in the home to allow individuals to age safely in their homes and communities. These accommodations include no-step entries, single-floor living, extra-wide doorways and halls, accessible electrical controls and switches, and lever-style door and faucet handles. However, the 2011 American Housing Survey reports that just 1 percent of US housing units have all five of these universal design features. And while nearly 90 percent of existing homes have at least one of these five features, only 57 percent have more than one.<sup>28</sup>

This multitude of deficiencies in the millions of units comprising the existing stock of housing point to the need for policies to support investments to make homes more resilient, healthy, and age-friendly, particular for renters and homeowners of modest means.

### **Concluding Remarks**

I realize that I have outlined a broad set of housing challenges that are perhaps daunting in their scope and scale. But as the title of this hearing indicates, having a good quality, affordable and secure home in a thriving community is foundational for a healthy and productive life for every person in America. Addressing our country's housing challenges will take a substantial commitment from the public, private and non-profit sectors. But this investment would pay dividends in improved quality of life for those who are unaffordably and inadequately housed. And it would pay dividends to society as well, in a more productive workforce, lower public spending for healthcare and other supports, and would enhance economic activity in the important housing sector.

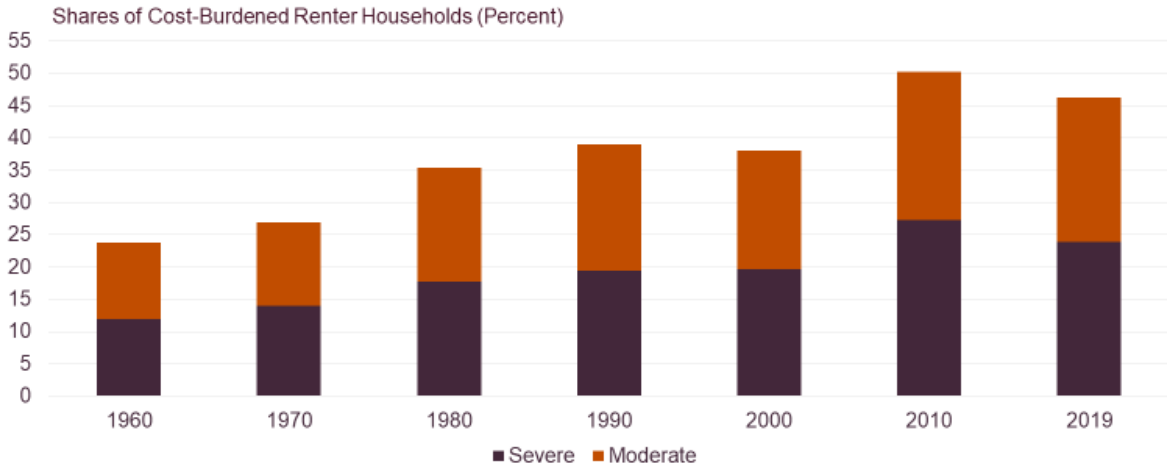
Thank you for turning your attention to these critical issues and for your invitation to share this information with you today. I look forward to answering any questions you may have.

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<sup>27</sup> Joint Center for Housing Studies. *Housing America's Older Adults 2019*. Harvard University, 2019. Available at [https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard\\_JCHS\\_Housing\\_Americas\\_Older\\_Adults\\_2019.pdf](https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Housing_Americas_Older_Adults_2019.pdf)

<sup>28</sup> Joint Center for Housing Studies. *Housing America's Older Adults 2014*. Harvard University, 2014. Available at [https://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-housing\\_americas\\_older\\_adults\\_2014.pdf](https://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-housing_americas_older_adults_2014.pdf)

## Figure 1: Rental Housing Affordability Has Been Deteriorating for Decades, But Got Much Worse After 2000



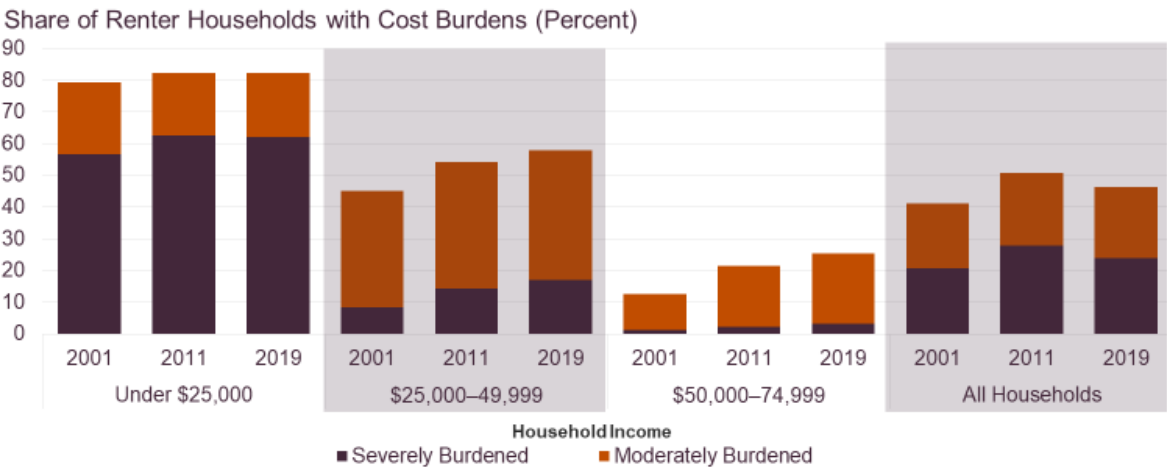
Notes: Moderate (severe) burdens are defined as housing costs of 30-50% (more than 50%) of household income. Households with zero or negative income are assumed to be severely burdened, while renters not paying cash rent are assumed to be unburdened.

Sources: JCHS tabulations of US Census Bureau, Decennial Census and American Community Surveys.

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## Figure 2: Renter Cost Burden Rates Have Been Moving Up the Income Scale Even as Overall All Rates Fell



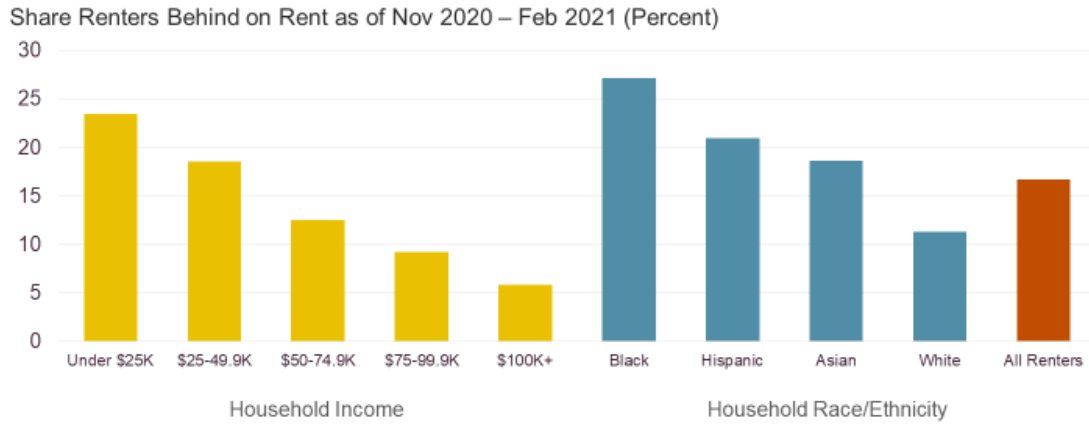
Notes: Incomes are adjusted for inflation using the CPI-U for All Items. Moderately (severely) cost-burdened households pay 31–49% (50% or more) of income for housing. Households with zero or negative income are assumed to have severe burdens, while households paying no cash rent are assumed to be without burdens.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

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### Figure 3: The Pandemic Has Exacerbated Housing Affordability Challenges for People of Color and Low-Income Renters



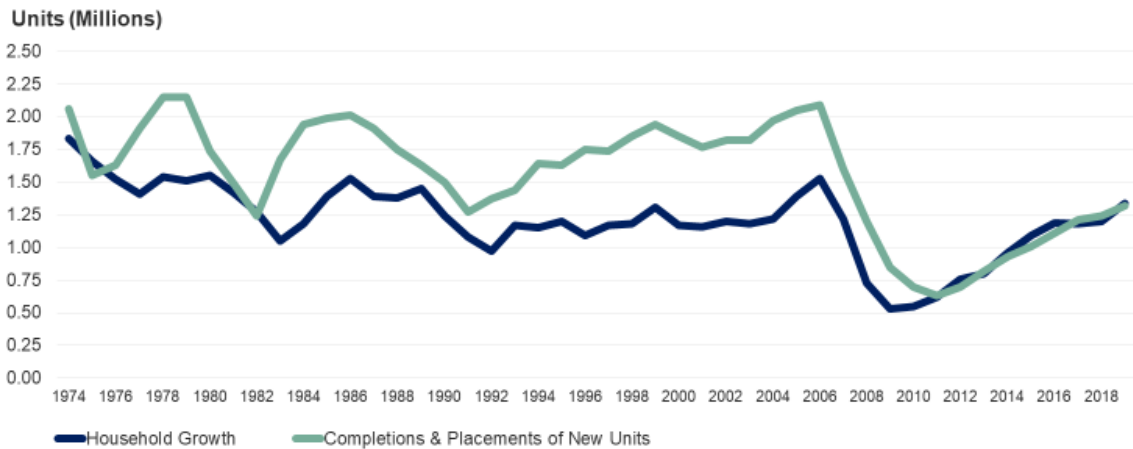
Notes: Renters behind on rent reported that they were not caught up at the time of survey. White, Black, and Asian households are non-Hispanic. Hispanic households may be of any race. Totals include renters that identify as other races or as multiracial. Data weighted to be representative of households.

Source: JCHS tabulations of US Census Bureau, Household Pulse Survey, Phase 3.

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### Figure 4: Housing Construction Has Just Kept Pace with Household Growth for an Unprecedented Nine Years

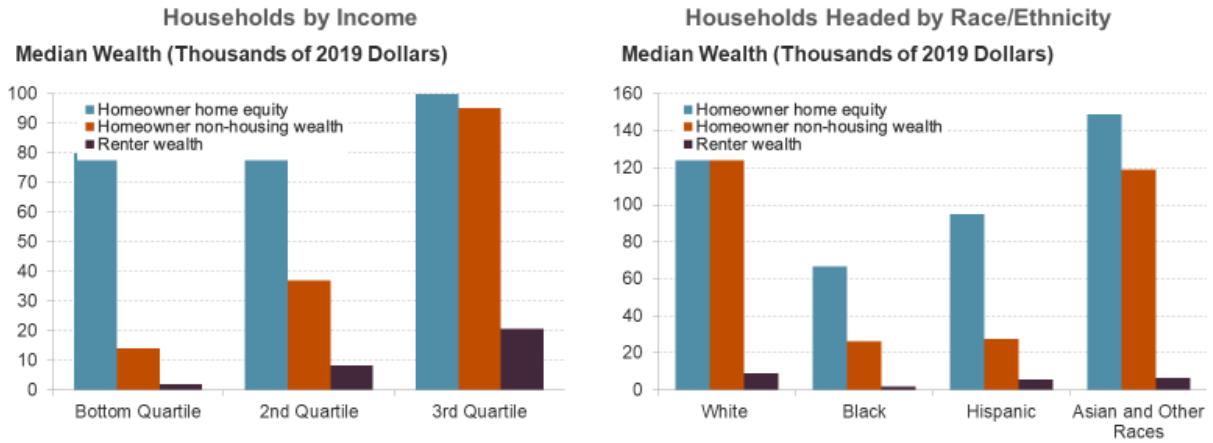


Notes: Household growth data are three-year trailing averages. Placements refers to newly built mobile homes placed for residential use. Source: JCHS tabulations of US Census Bureau Housing Vacancy Survey, New Residential Construction data.

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**Figure 5: Housing is the Primary Form of Wealth for Low Income Households and People of Color**

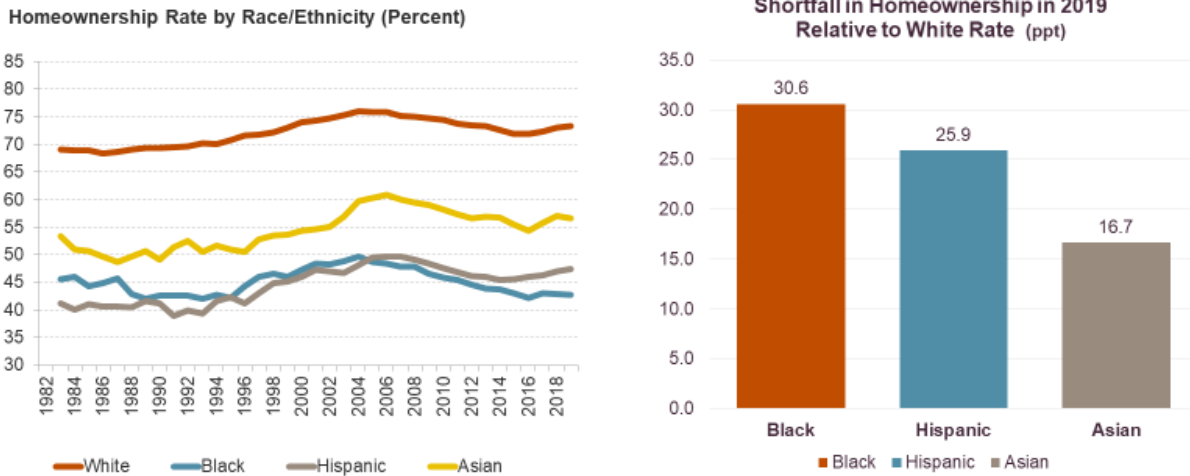


Note: Medians are calculated separately and therefore do not sum to net wealth.  
Source: JCHS tabulations of Federal Reserve, Surveys of Consumer Finances, 2019.

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**Figure 6: There Are Substantial Gaps in Homeownership Rates by Race/Ethnicity**

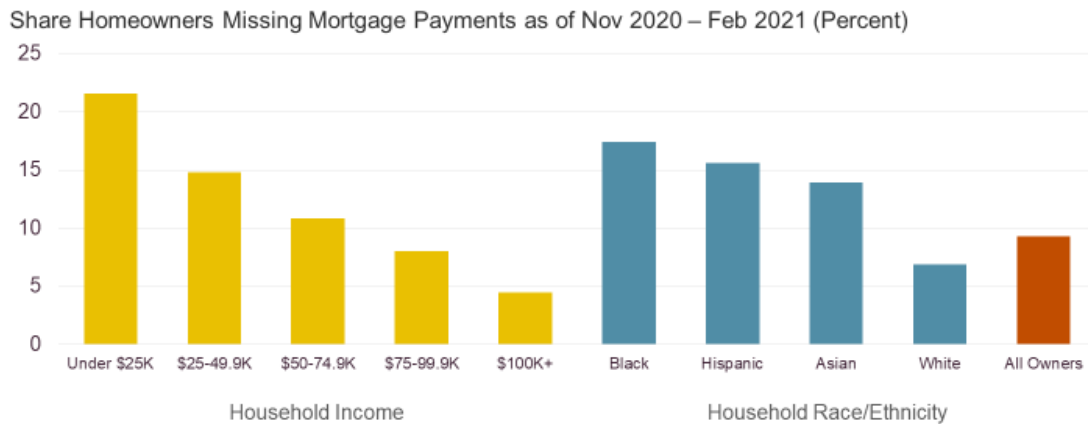


Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

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## Figure 7: People of Color and Low-Income Homeowners Have Been Hard Hit by the Pandemic



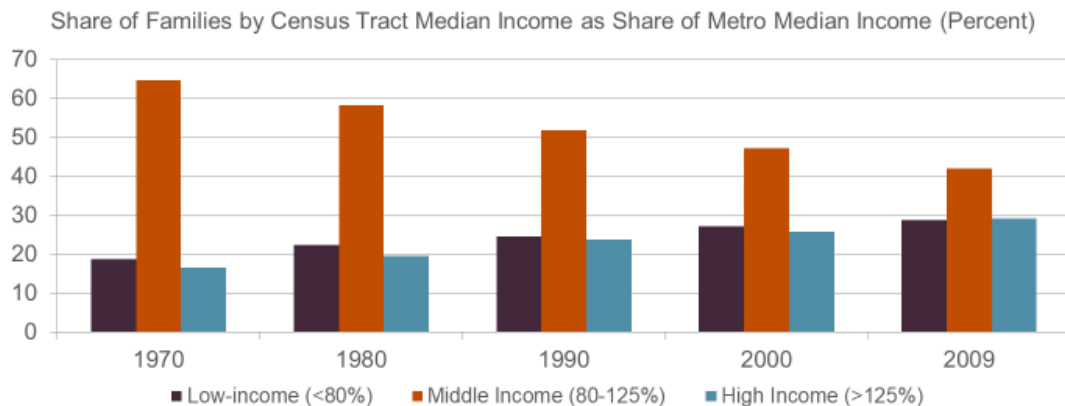
Notes: Homeowners behind on mortgage payments reported that they were not caught up at the time of survey. White, Black, and Asian households are non-Hispanic. Hispanic households may be of any race. Totals include owners that identify as other races or as multiracial. Data weighted to be representative of households.

Source: JCHS tabulations of US Census Bureau, Household Pulse Survey, Phase 3.

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## Figure 8: Income Segregation Among Families Has Increased Sharply Over Last Four Decades



Note: Includes 117 largest metro areas in 2007.

Source: Bischoff and Reardon, 2013.

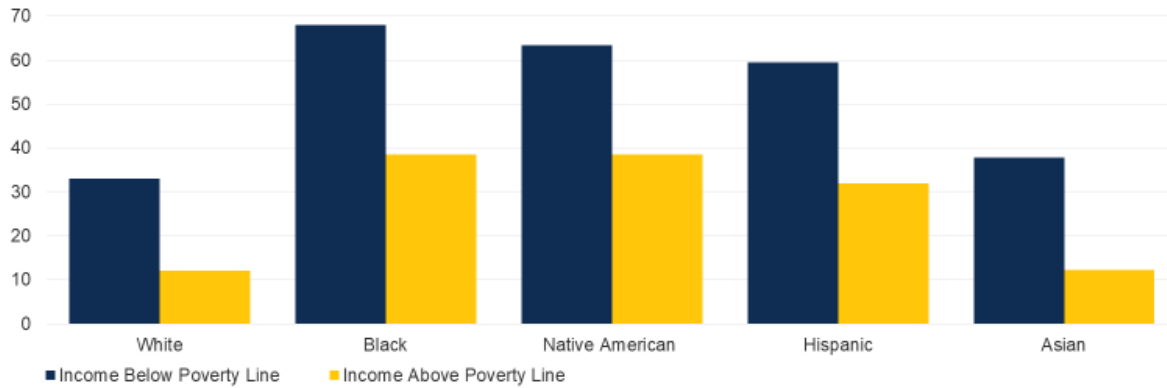
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## Figure 9: People of Color Are More Concentrated in High-Poverty Areas than White People with Similar Incomes

Share of Population Living in Census Tracts with 20% or Higher Poverty (Percent)

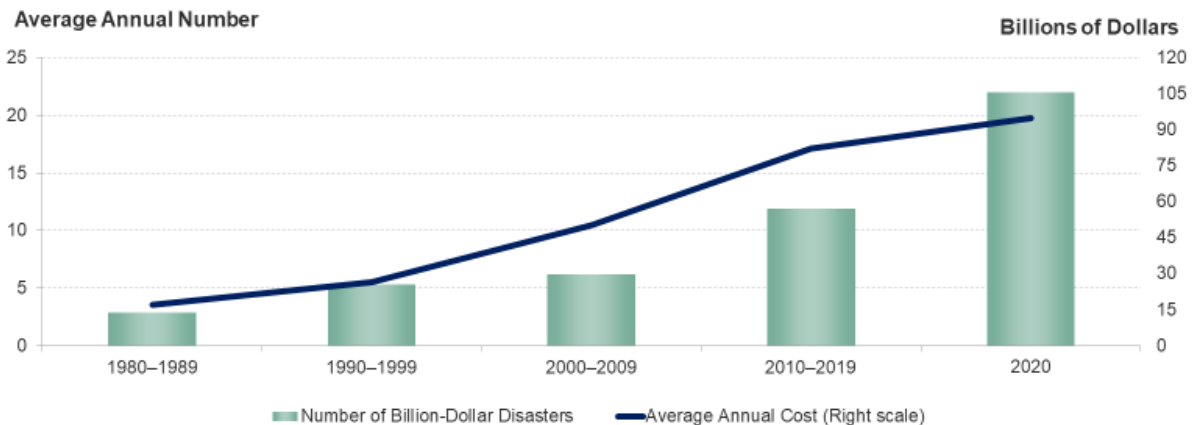


Notes: Incomes above or below the poverty line are defined by the official measure of poverty established by the Office of Management and Budget (OMB). Only white individuals are non-Hispanic. Since Hispanic individuals may be of any race, there is some overlap with other racial categories.  
Source: JCHS tabulations of US Census Bureau, 2018 American Community Survey 5-Year Estimates.

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## Figure 10: Highly Damaging Natural Disasters Have Become Much More Frequent and Costly



Note: All values are constant 2020 dollars adjusted by the CPI-U for All Items.  
Source: JCHS tabulations of NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters (2021). <https://www.ncdc.noaa.gov/billions/>, DOI: 10.25921/stkw-7w73

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