



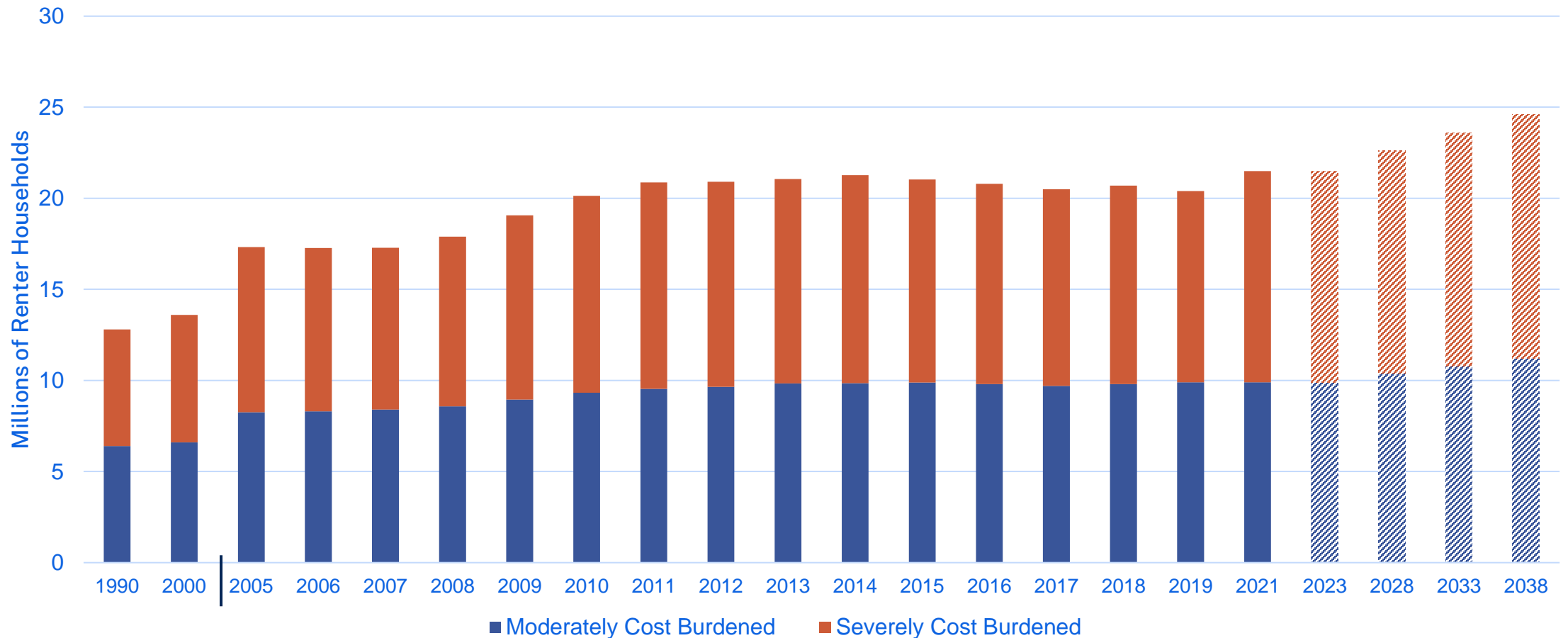
Connecting Housing and Community Development to the Post-COVID World

Andrew Jakabovics

Enterprise Community Partners

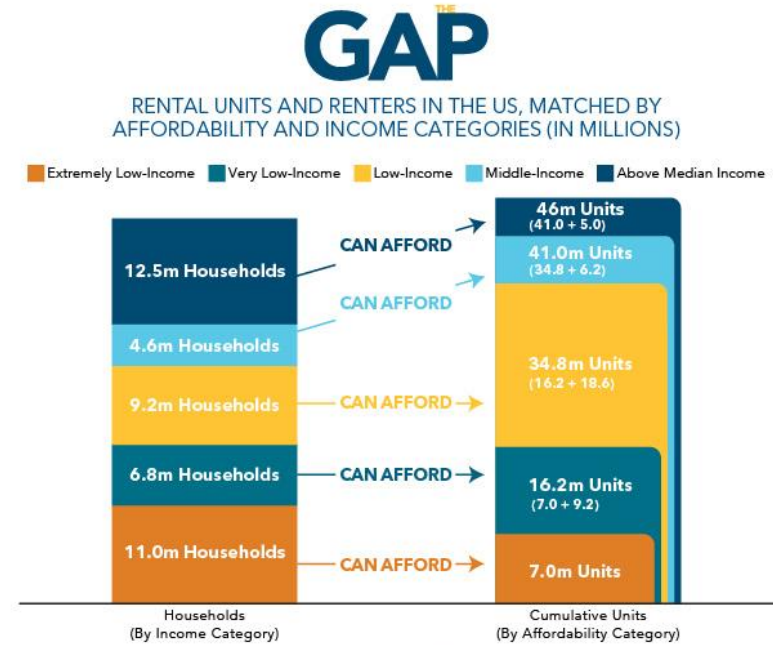
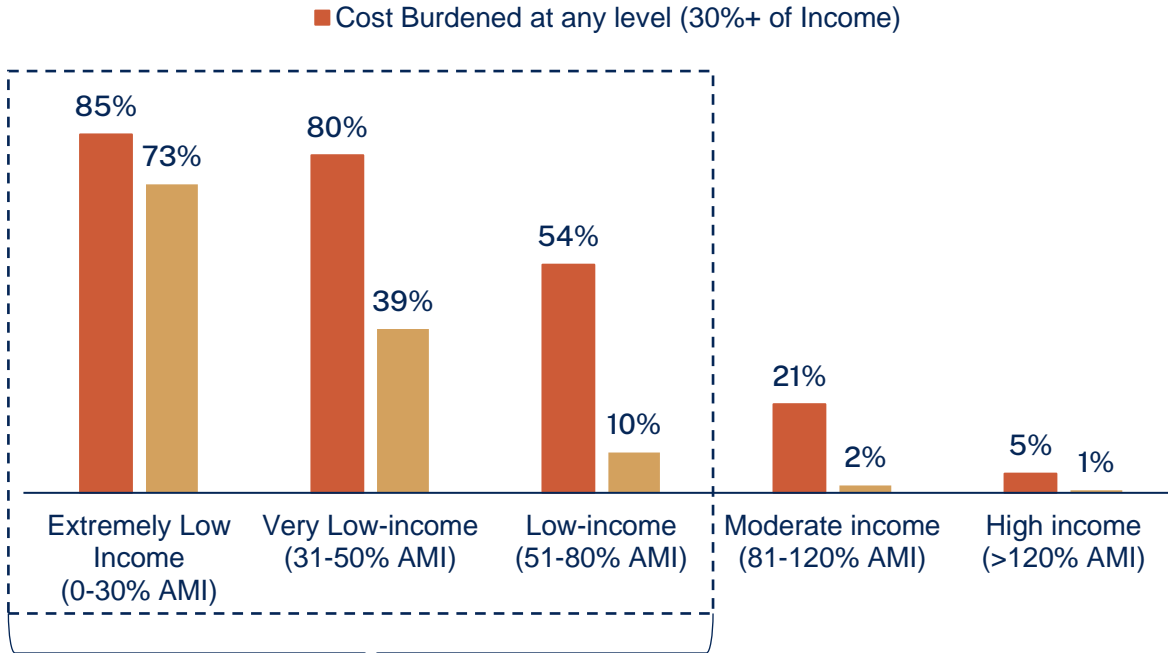
September 2023

Renter Cost Burdens: History and Projections



Historical data calculated from Decennial Census (1990, 2000) and American Community Survey (2005-2019, 2021). Projections of burden apply Enterprise calculations of 2021 cost burdens by tenure, race, ethnicity and age of householder to Harvard JCHS household growth projections through 2038 derived from Census population projections.

Affordability Is a Supply and Demand Problem



Source: NLIHC tabulations of 2021 ACS PUMS data.

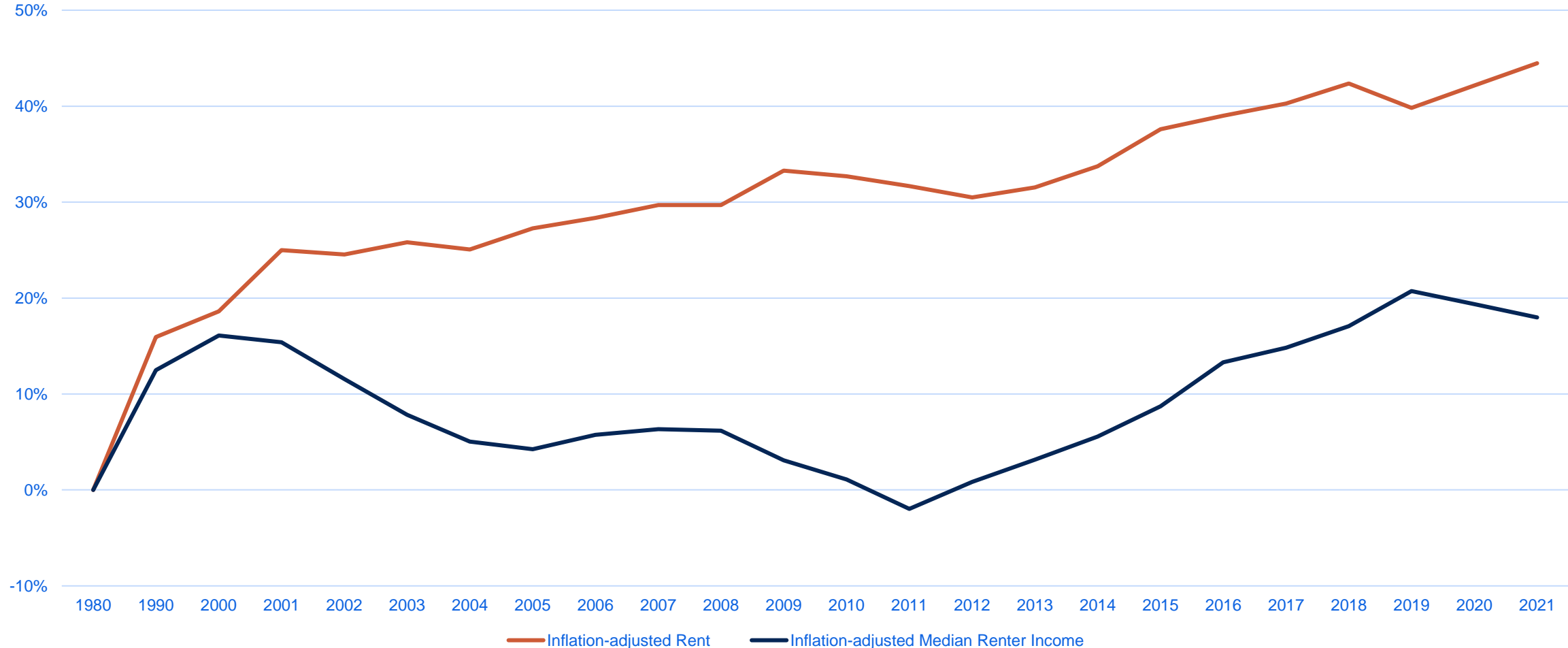
<https://nlihc.org/gap>



The lower a household's income, the less likely it is that an affordable home is within reach. Seventy-four percent of low-income renter households (0 – 80% AMI) pay more than 30% of their income on rent.

In 2021, three out of every four extremely low-income renters were severely cost burdened, paying more than half their income for housing.

Housing Has Gotten More Out of Reach Over Time

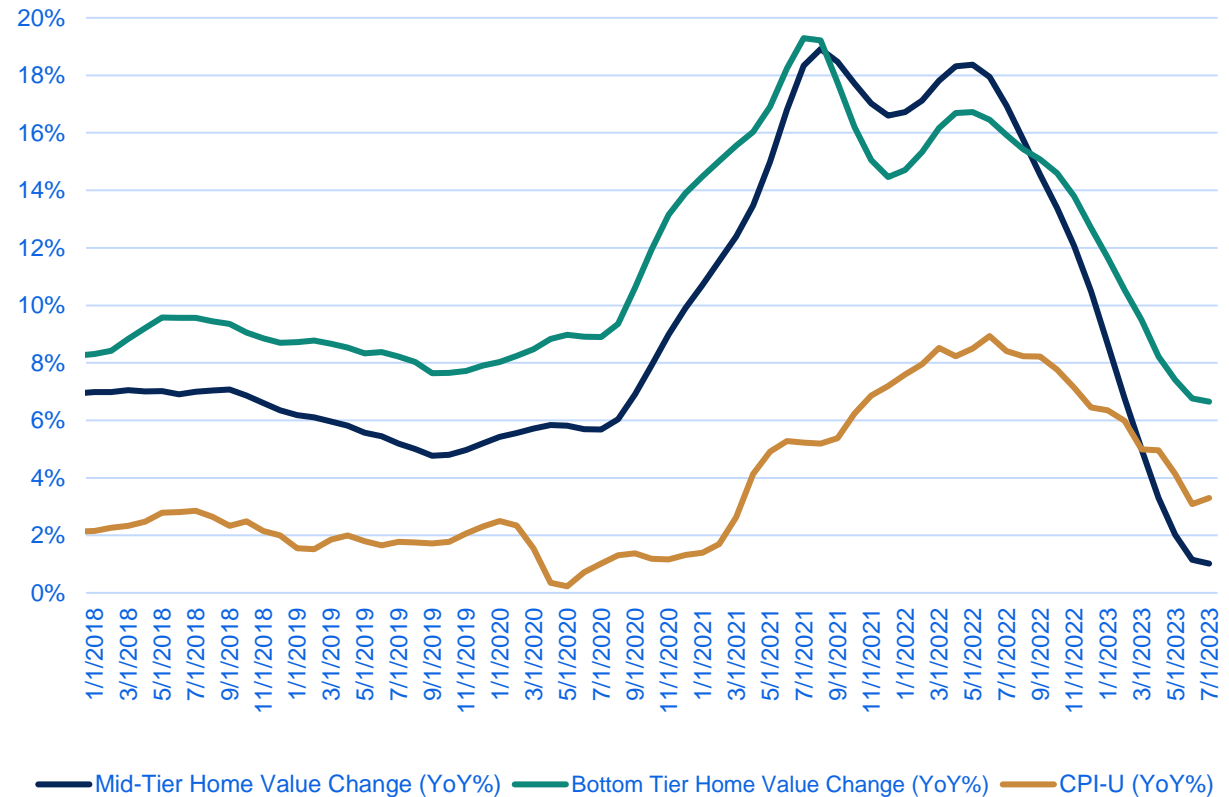
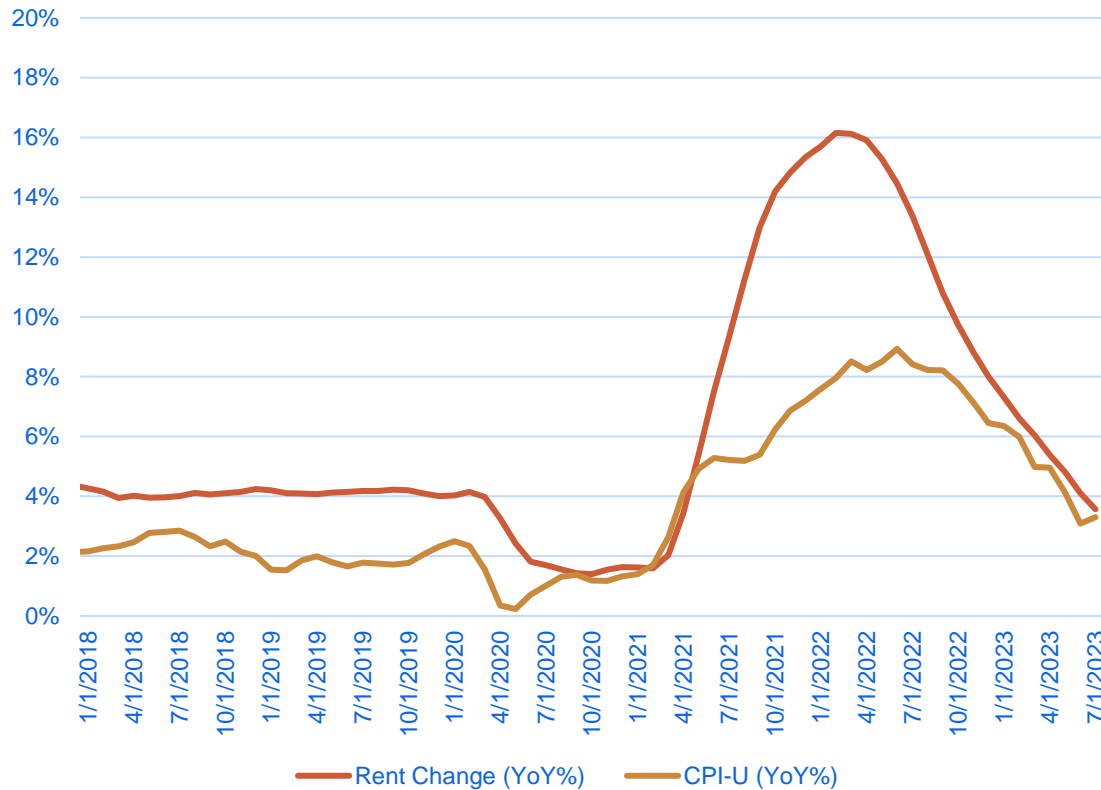


Source: Decennial Census (1980-2000), American Community Survey (2001-), BLS CPI-U annual average

A Closer Look at Changes in Rents and Sales Prices

Rents were 36 percent higher in April 2023 vs. April 2018

Over the same time, *average weekly earnings for non-supervisors* rose by 27 percent... and the Federal minimum wage remained unchanged at \$7.25 per hour.



Source: Zillow, BLS CPI-U

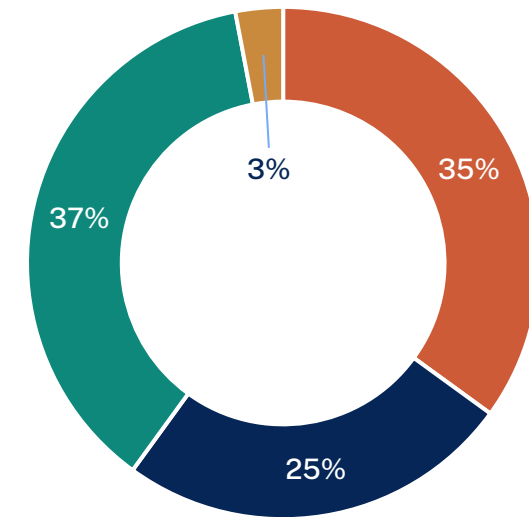
Homelessness

On a single night in January 2022, roughly 582,000 people were experiencing homelessness in the United States.

Among those experiencing homelessness:

- 72% were individuals and 28% were experiencing homelessness as part of a family
- 40% were unsheltered
- 30% were chronically homeless
- 38% were women
- 37% were Black or African American
- 5% were unaccompanied youth¹

Homeless by Household Type and Sheltered Status, 2022



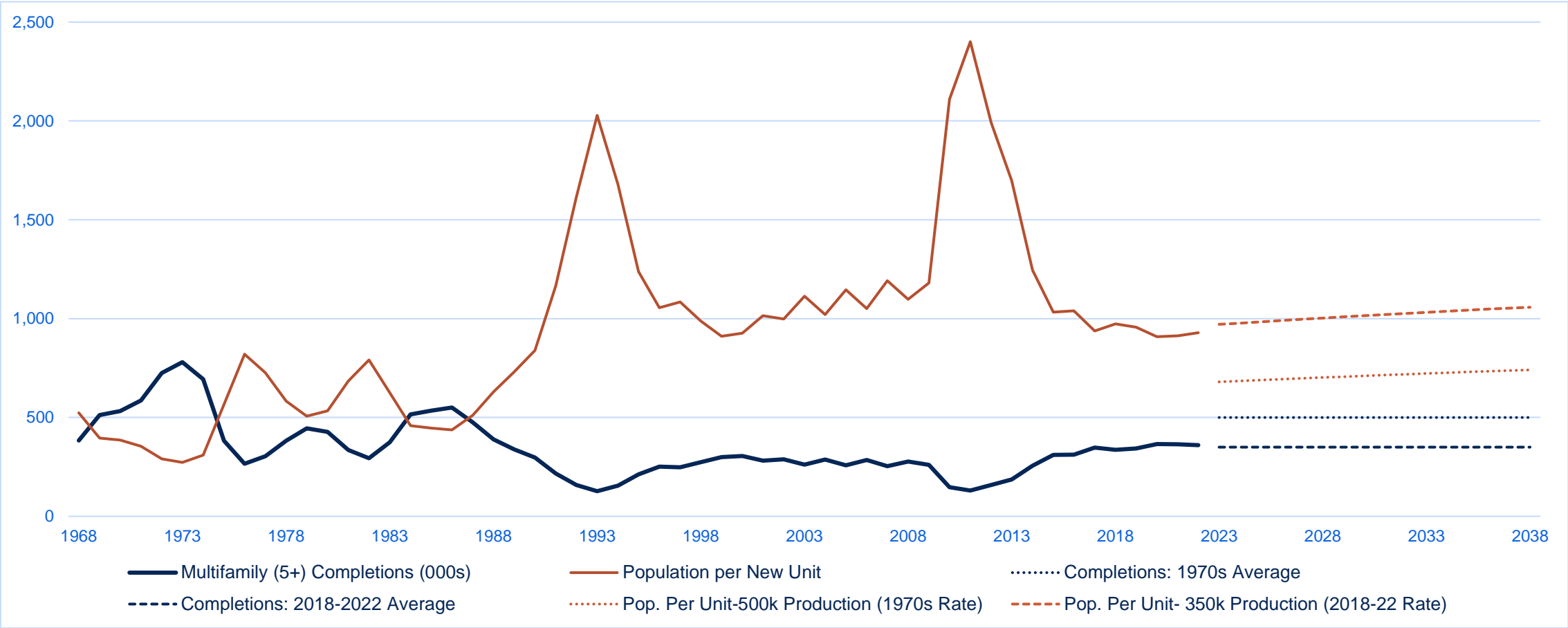
- Sheltered Individuals
- Sheltered People in Families
- Unsheltered Individuals

Data Source: The 2022 Annual Homeless Assessment Report (AHAR) to Congress, Part 1: Point-In-Time Estimates of Homelessness. U.S. Department of Housing and Urban Development, published in 2022.
1. Unaccompanied Youth (under 18) are people in households with only children who are not part of a family with children or accompanied by their parent or guardian during their episode of homelessness, and who are under the age of 18.

We Aren't Building Enough Multifamily Housing

It is imperative that we preserve the affordability of existing rental homes even as we add new supply.

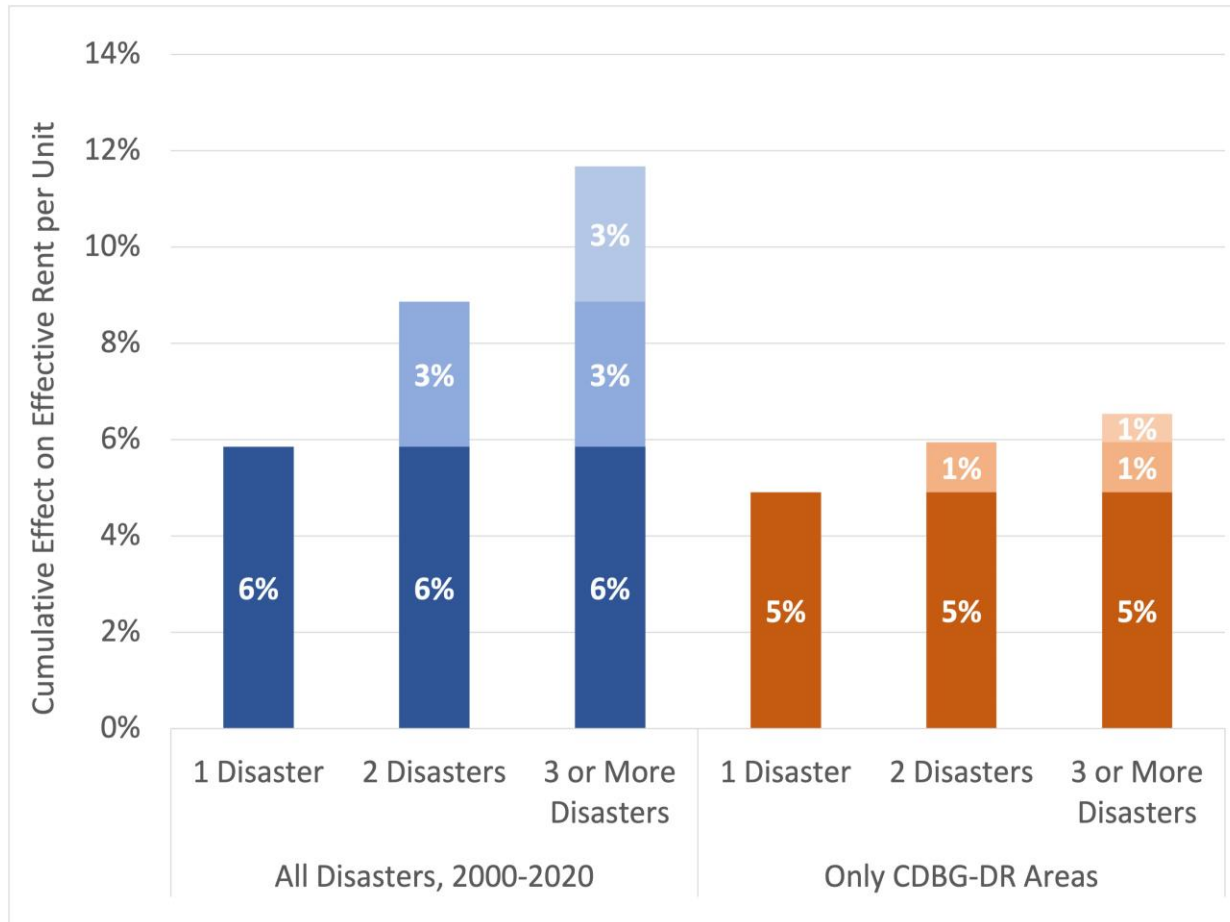
By 2031, an estimated 750,000 subsidized affordable homes are at risk of loss through expiring use restrictions and dispositions.



CLIMATE CHANGE

Natural Disasters Have Lasting Effects on Rents

CDBG-DR rental requirements mitigate some of the impacts



- Sample of metropolitan areas in Midwest, South, & West U.S.
 - Atlanta, GA
 - Detroit, MI
 - Little Rock, AK
 - Most major markets in California
 - Most major markets in Florida
- Multifamily rents from CoStar
 - Quarterly estimates at zip code level from 2000 to 2020
 - 180,000+ observations
 - “Effective rent” (vs. asking rent) = actually paid, after concessions

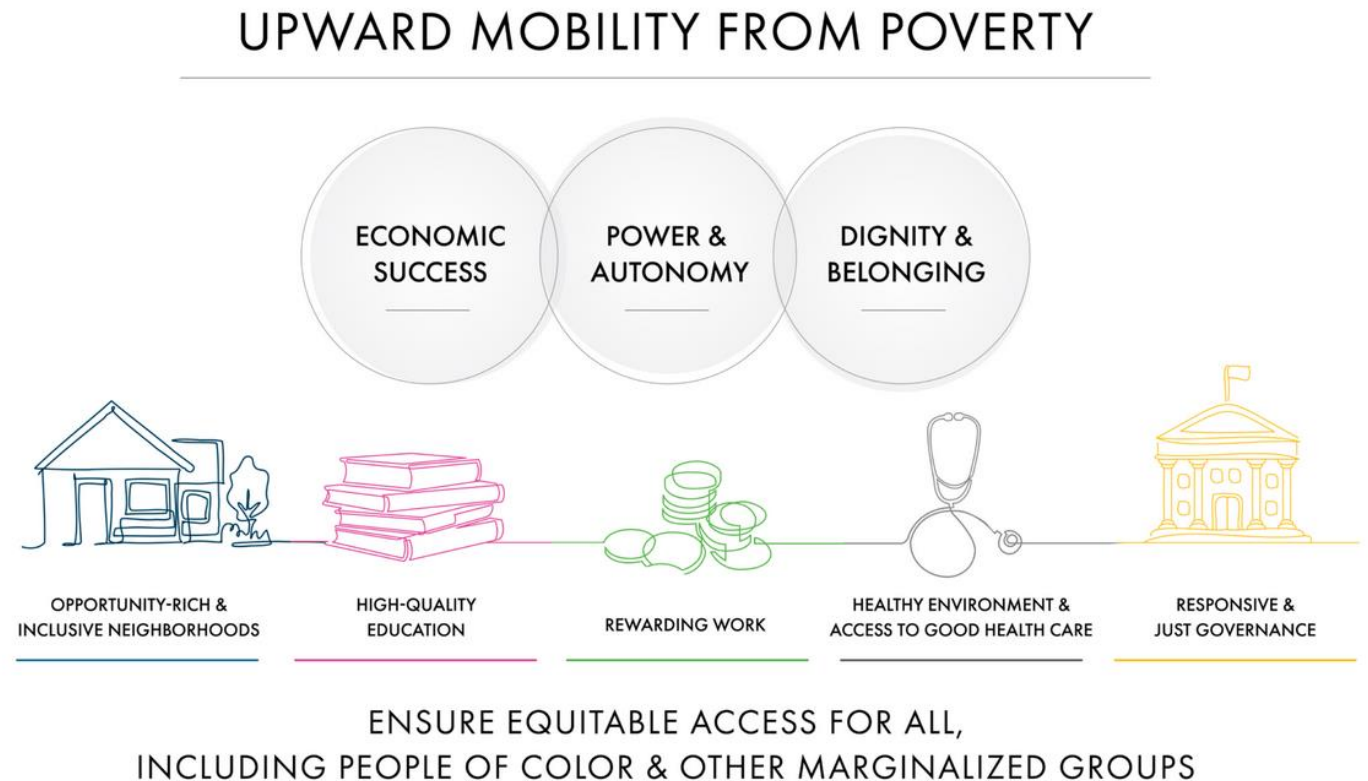
EVERY YEAR A CHILD SPENDS IN LIHTC IS ASSOCIATED WITH 5.7% HIGHER FUTURE EARNINGS

The Housing Bundle As a Key Pillar of Upward Mobility

Enterprise worked with The Urban Institute to identify core aspects of the housing bundle that support upward mobility:

1. Housing Quality
2. Housing Affordability
3. Housing Stability
4. Housing that Builds Assets and Wealth
5. Neighborhood Context

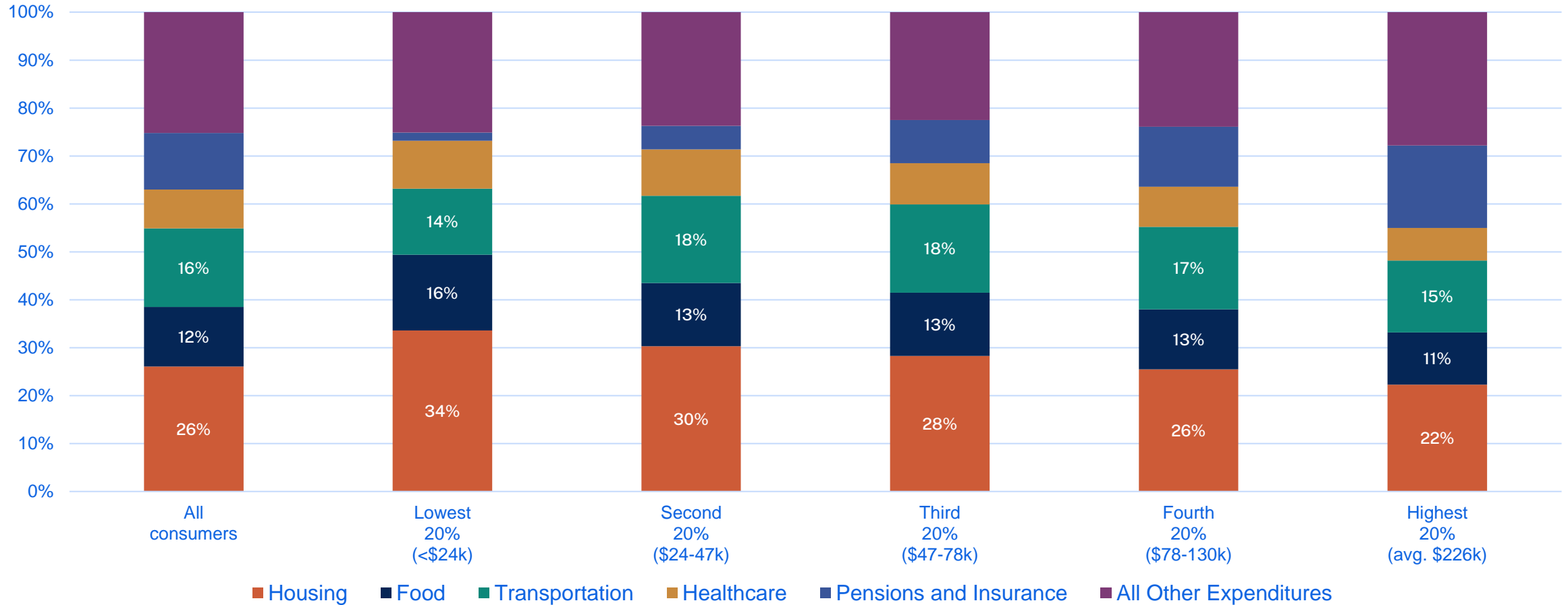
Affordability and stability have been consistently found to be significant predictors of improved education, earnings, and health outcomes.



THE POOREST HOUSEHOLDS SPEND THE GREATEST SHARE ON SHELTER: “THE RENT EATS FIRST”

How Households Spend Money

2021 Consumer Expenditures



Source: BLS Consumer Expenditure Survey

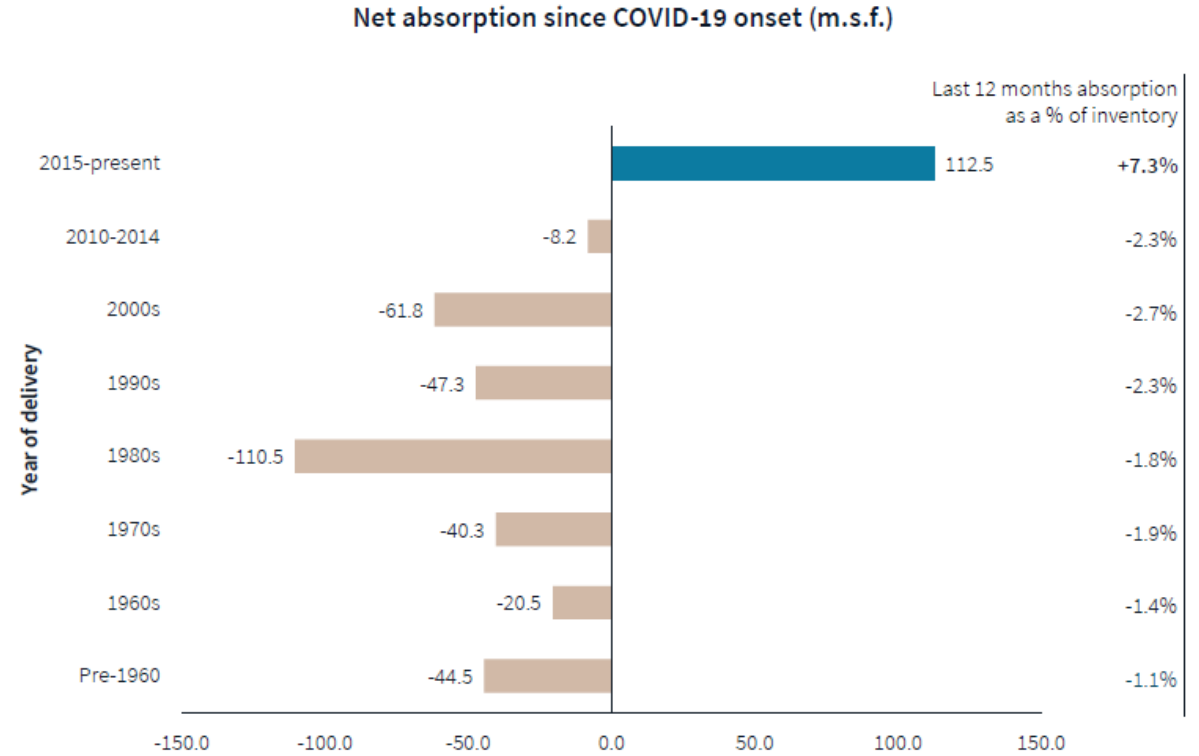
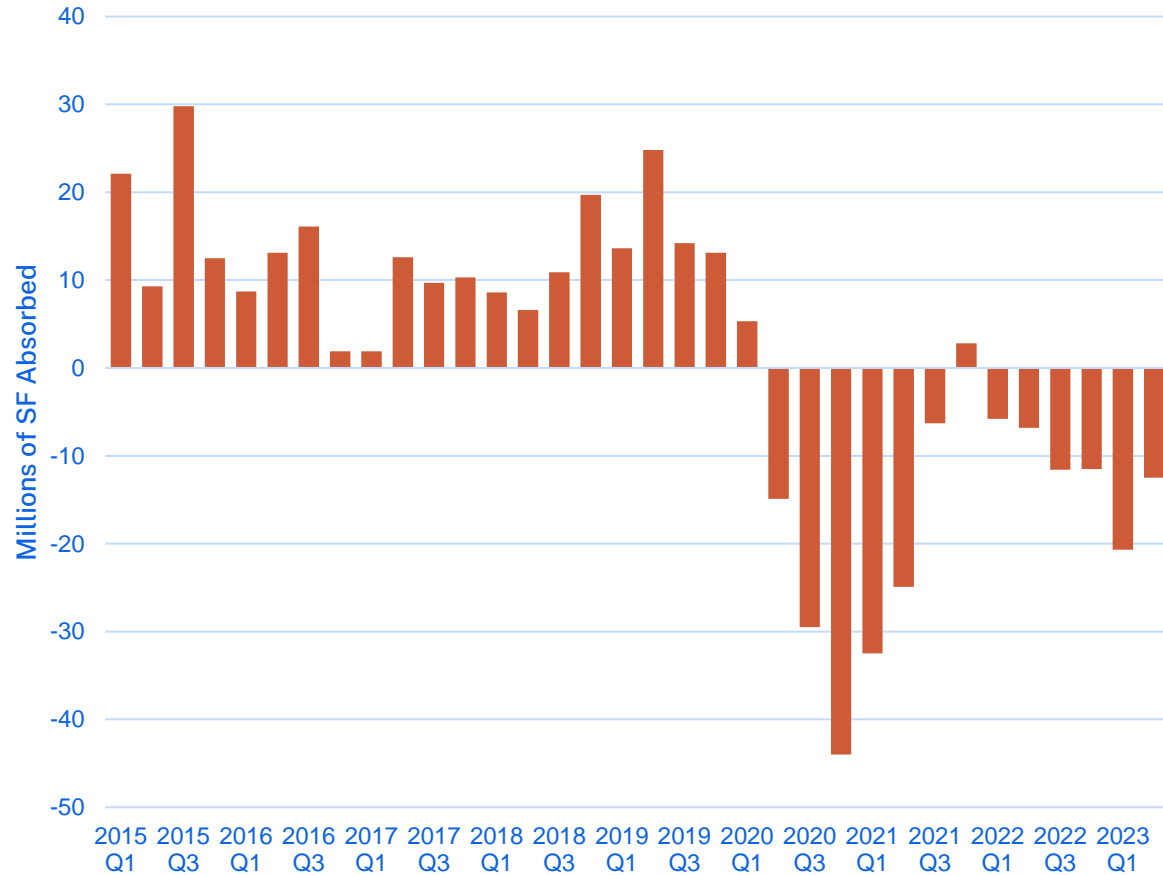
Utilizing Publicly Owned Land

- Repurposing underutilized or vacant property owned by public entities, faith-based organization and mission-driven institutions creates important opportunities to create affordable homes.
 - If just 10% of the land owned by houses of worship nationwide is repurposed into affordable housing, hundreds of thousands of new homes could be developed.
- In strong markets, creative use of public sites can expand opportunities for affordability.
- In underinvested markets or neighborhoods, publicly owned parcels offer an important opportunity to catalyze development and seed revitalization.



Finding Opportunities to Reuse Office Space

Not All Office Buildings Are the Same



Source: JLL Research

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Repurposing Strip Malls

- Shifts in market trends mean that strip malls can provide an opportunity for conducting commercial-into-residential conversions.
 - Between Q1 2022 and Q1 2023, absorption in smaller shopping centers, which include strip malls, fell 75% to 2.1 million square feet.
- It is likely that many local jurisdictions have one or more suburban strip mall with obsolete commercial space and/or high vacancy rates that could be repurposed to create infill multifamily housing and mixed-use developments with affordable homes.
- Our analysis projects that repurposing only the top 10% of the nation's 947.5 million square feet of strip mall space best suited for redevelopment could create over 700,000 new homes in multifamily buildings.



Redevelopment of the former Tiny Tim Plaza into La Placita Cinco in Santa Ana, CA

Questions?