

United States Housing Policy and Social Inequality: Homeownership, Renting, and the Necessity of Change

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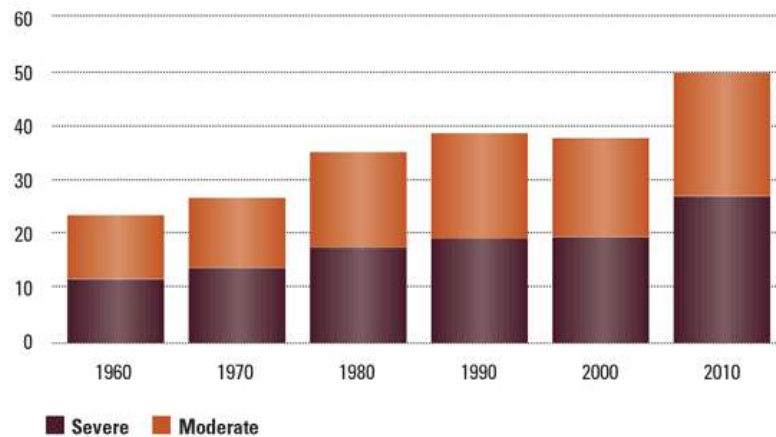
Introduction

- US Federal Housing policy
- Homeownership vs. Renting: policy, implications
- Social Inequality?

Rental Crisis: Cost

Renter Cost Burdens Spread at an Unprecedented Pace in the 2000s

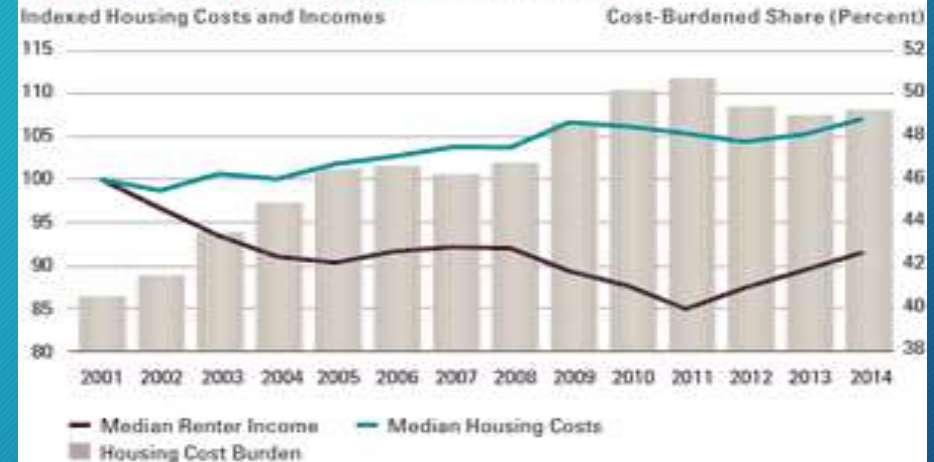
Shares of Cost-Burdened Renter Households (Percent)



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.

The Share of Renter Households Facing Cost Burdens Remains High as Income Growth Lags



Notes: Median housing costs and household incomes are adjusted to 2014 dollars using the CPI-U for All Items. Housing costs include cash rent and utilities. Cost-burdened households pay more than 30% 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.

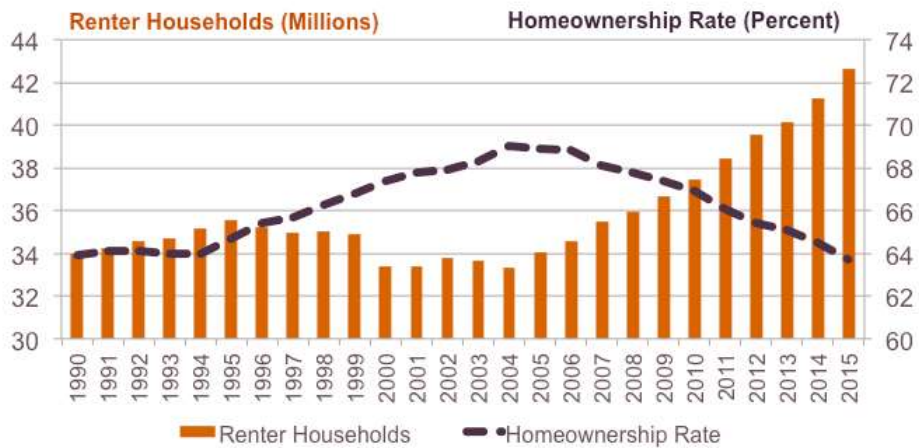
Source: JCHS tabulations of US Census Bureau, American Community Surveys.

Rental Crisis: Affordable Supply

- Not a question of supply, question of **affordable** supply
- Production overall has slowed
- Who is the current production for?
- Is the **affordable** supply serviceable?

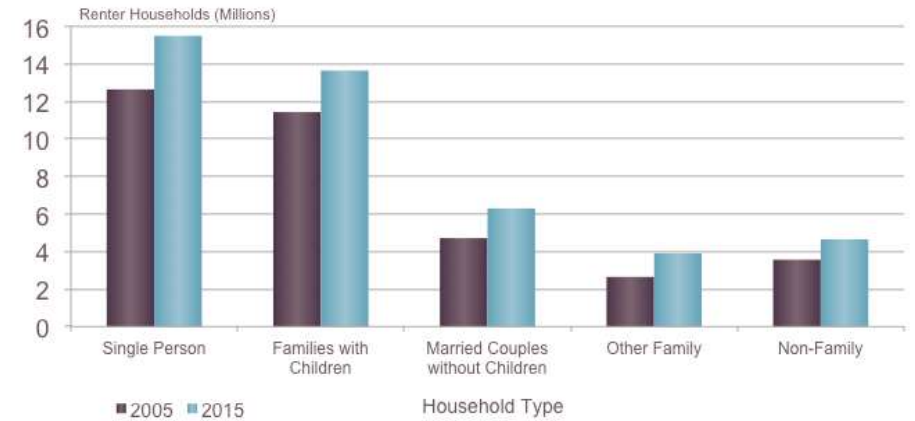
Rental Crisis: Demographic Shifts

Figure 1: Renter Household Growth Has Surged with the Drop in Homeownership



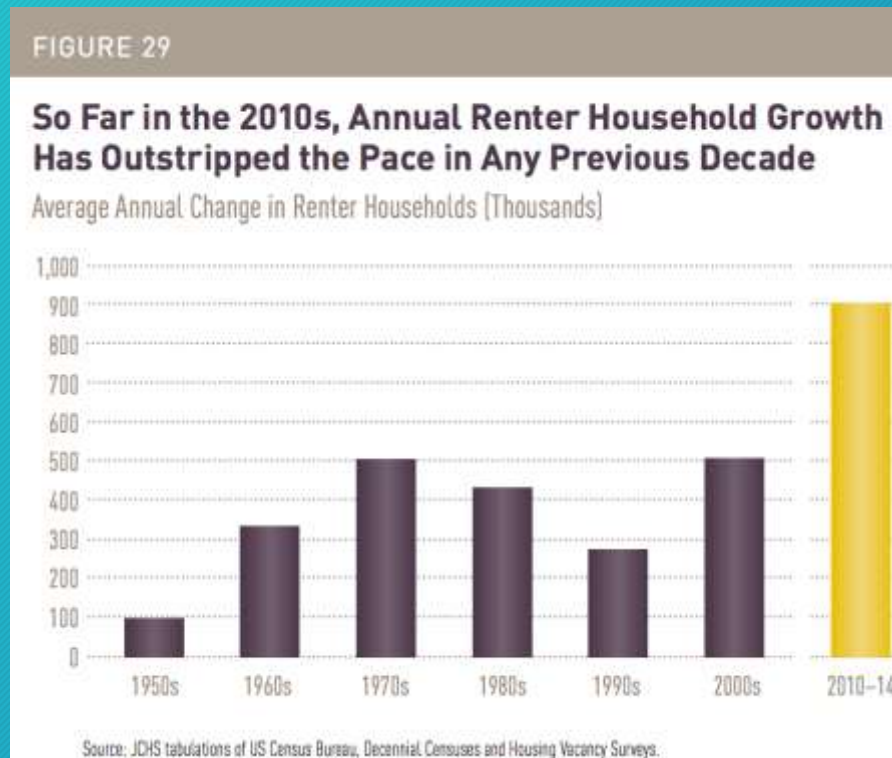
Notes: Annual data for 2015 are from the third quarter of that year. Beginning in 2000, renter household data are the revised, consistent-vintage counts. 2000-09 counts are 2010 vintage, 2010-15 are 2014 vintage. Source: US Census Bureau, Housing Vacancy Surveys.

Figure 4: The Decade-Long Increase in Renter Households Has Included All Types of Households



Note: Household counts for 2005 and 2015 use 3-year trailing averages to reduce volatility in the survey. Source: JCHS tabulations of US Census Bureau, Current Population Surveys.

Rental Crisis: Demographic Shifts



Homeownership and Social Inequality: Risk

- Owning a home exposes the buyer to a lot of risk
 - Start up costs
 - Maintaining
 - Housing market
- Foreclosure is uniquely devastating
 - Future credit
 - Employment
 - Homelessness

Homeownership: Wealth Accumulation

- Most commonly referred advantage to promoting homeownership
 - Time
 - Employment
 - Savings

Homeownership: Social Inequality Inherent

- Economic Segregation
- Financial Processes
- Racial disparities

Rental Assistance: Better Fit

- Less risk
- Higher standard of living
- Wealth accumulation

Rental Assistance: Flexibility and Mobility

- Renting provides more flexibility
 - Job growth mismatch
 - Future job market
 - Mobility
 - Failure has lower costs

Change

- Reorientation of policy
- Diversifying policy mechanisms
- Funding equalization
- Caps on housing assistance

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