**KEY FACTS**

Rental housing has always provided a broad choice of homes for people at all phases of life. The recent economic turmoil underscored the many advantages of renting and raised the barriers to homeownership, sparking a surge in demand that has buoyed rental markets across the country. But significant erosion in renter incomes over the past decade has pushed the number of households paying excessive shares of income for housing to record levels. Assistance efforts have failed to keep pace with this escalating need, undermining the nation’s longstanding goal of ensuring decent and affordable housing for all.

**WHO ARE RENTERS?**

- Today, there are 43 million renter households, representing 35 percent of all households. Rates of renting are at their highest in more than a decade for all age groups and at their highest for those aged 25-54 since recordkeeping began in the 1970s.

- The 2000s marked the strongest decade of growth in renter households over the past half-century, averaging more than 500,000 annually. In fact, over the last three years renter growth has averaged 1.25 million.

- Single person households are the most common renter household, making up 35 percent of renters, but fully 32 percent of renters are married couples with children and single-parent families.

- Rental housing is home to a disproportionate share of the nation’s lower-income households. Nearly half of renters have incomes below $30,000, including 22 percent with annual incomes below $15,000 (roughly equivalent to working year-round at the minimum wage) and 24 percent earning between $15,000 and $30,000.

- As homeownership rates stabilize, renter household growth will slow over the next few years. But even holding current rates constant, demographic forces alone will lead to an increase between 4 million and 4.7 million renters over 2013-23.

- With baby boomers aging, the number of renters over age 65 will increase by 2.2 million over 2013-23. Hispanics are also projected to account for a substantial share of renter growth over this period, with increases in the 2.2–2.4 million range.

**WHERE DO RENTERS LIVE?**

- Most rental housing consists of single-family homes and small multifamily housing: 35 percent are single-family homes, 4 percent are manufactured homes, and 19 percent are 2-4 unit structures.

- Across the 100 largest metropolitan areas, 45 percent of occupied rental units in 2011 were located in low-income neighborhoods, compared with 28 percent of all households. At the other end of the spectrum, 20 percent of rentals were in high-income neighborhoods, compared with 36 percent of households.
WHAT ARE TRENDS IN RENTAL AFFORDABILITY?

- More than half of renters – 21.1 million households – were cost burdened in 2012, paying more than 30 percent of income for housing. This is the greatest number of housing cost burdened renters on record.

- The share of cost-burdened renters increased from one in four households in 1960 to one in two in 2012. The share rose by 12 percentage points between 2000 and 2012 alone, driven by a widening gap between median incomes and rents.

- More than eight out of ten renters with household incomes below $15,000 were cost burdened in 2011. The vast majority of these households – nearly 7.3 million – spent more than half of their income on housing (making them severely cost burdened), 2.5 million more than ten years earlier.

- Since the Great Recession, two-thirds of the increase in cost burdened renters in the labor force has been among fully employed householders. As a result, 38 percent of fully employed renters were cost burdened in 2011.

WHAT ARE THE IMPLICATIONS OF A LACK OF AFFORDABLE RENTAL HOUSING?

- In order to pay their monthly housing costs, low-income households with severe housing cost burdens cut back most heavily on their spending for food, transportation, health care, and retirement savings.

- The lowest-income households spend about $130 less on food each month—a reduction of nearly 40 percent relative to those without housing cost burdens.

- Some 12.8 percent of extremely low-income renters (earning less than 30 percent of median incomes in their market areas) live in units with structural deficiencies. By comparison, 7.1 percent of moderate- and higher-income renters (with incomes at or above 80 percent of AMI) live in housing that is deemed inadequate.

HOW WELL ARE WE MEETING THE NEED FOR AFFORDABLE RENTAL HOUSING?

- Demand for low rent housing continues to far outstrip supply, as the shortfall in the number of units affordable to extremely low-income renters (earning up to 30 percent of the area median) more than doubled from 1.9 million in 2001 to 4.9 million in 2011.

- Taking into account the competition from higher-income renters for affordable homes, for every 100 extremely low-income renter in 2011 there were only 36 rental units that were affordable and available.

- In the aftermath of the Great Recession, the number of very low-income renters that are eligible for federal rental assistance mushroomed from 15.9 million in 2007 to 19.3 million in 2011, but less than a quarter (23.8 percent) actually received housing assistance in 2011, down from 27.4 percent in 2007.

- Federally assisted housing continues to serve the nation's most vulnerable households—in 2012, 31 percent of assisted residents were aged 62 or older, 34 percent were under age 62 but disabled, and nearly half (47 percent) have annual incomes under $10,000.

- Despite a HUD-sponsored study in 2010 estimating the need for $26 billion in capital repairs for public housing—the nation's oldest form of assisted housing—outlays for these investments fell 18 percent between 2008 and 2012.

- Housing choice vouchers, which provide the largest share of rental assistance, will bear the brunt of federal budget cuts under sequestration, with HUD estimating that 125,000 families will lose their vouchers in 2013.
HOW IS THE RENTAL HOUSING STOCK CHANGING?

- Starts of multifamily housing, the vast majority intended for the rental market, have picked up sharply. Midway through 2013, starts were on pace to total 294,000 for the year, although still below the 340,000 annual rate averaged in the early 2000s before the housing bust.

- On average, 260,000 new rental housing units were completed each year between 2000 and 2009, including 41,000 single-family homes. At the depth of the downturn in 2010, completions of homes intended for rent totaled a mere 151,000, but rebounded to 186,000 in 2012.

- New construction typically adds residences at the upper end of the rent distribution; the median monthly gross rent for units built in the last four years was $1,052—affordable only for households earning at least $42,200 a year.

- In 2009–11, 1.9 million homes switched on net from owner-occupied to the rental stock. Another 1.1 million net units had been converted to rentals between 2007 and 2009, bringing the total to more than 3 million homes over the 4 year period.

- Of the 34.8 million rentals that existed in 2001, some 1.9 million were demolished by 2011—a loss rate of 5.6 percent. But losses among the most affordable rentals (renting for under $400 monthly) were more than twice as high at 12.8 percent.

WHAT ARE RENTAL MARKET CONDITIONS?

- From a record high of 10.6 percent in 2009, the national vacancy rate turned down in 2010 and has continued to slide, averaging 8.4 percent in the first three quarters of 2013.

- Rent growth accelerated steadily through 2011 before stabilizing at about a 2.8 percent annual rate through September 2013, outpacing the rise in overall prices.

- Nearly every major metropolitan area has shared in the rental recovery. As of the second quarter of 2013, 90 of the 93 metro areas tracked by MPF Research reported annual rent increases, and 20 metros posed gains of 3.5 percent or more.

- Since bottoming out in the fourth quarter of 2009, Moody’s Commercial Property Price Index for apartment buildings climbed by 62 percent to a new high in mid-2013.

- The share of noncurrent multifamily loans held by FDIC-insured institutions has fallen for 10 consecutive quarters to 1.5 percent in the first half of 2013 since its recent peak of 5.4 percent in the third quarter of 2010.

- Loans backed by the GSEs and FHA accounted for the lion’s share of multifamily lending in the years after the recession. The Mortgage Bankers Association (MBA) estimates that annual originations backed by the GSEs nearly doubled between 2009 and 2012, while loans insured by FHA were up five-fold.

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