



NO PLACE TO CALL HOME

The Affordable Housing Crisis in the Gulf South

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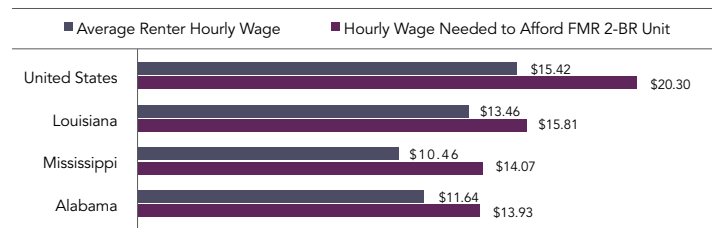
“A house is much more than roof over one’s head. [It is] a place where a person creates and lives out his or her life,” said Saint Pope John Paul II.¹ Having a stable home to establish our daily routines and relationships is something many of us may take for granted. The benefits of secure, affordable housing are numerous and well-documented, especially for children and other vulnerable populations.^{2,3} Unfortunately, millions of working families in the United States and thousands in the Gulf South struggle to find affordable, safe housing where they can create and live out their lives.

The root of the problem is two-fold: household incomes have not kept up with inflation and funding for housing assistance programs has not kept pace with the growing need. The results include: homelessness; families forced to forgo other necessities such as food and medical care; and an increase in the number of low-income households living in substandard or overcrowded housing. Leaving families to live in such situations violates a basic premise of Catholic social teaching—the right to life is fundamental and includes a right to food, clothing, shelter, rest, medical care, and essential social services.⁴ Fortunately, the affordable housing crisis is not a problem without solutions; with appropriate policy changes and public investments we can and must increase housing security for families and children.

WAGES NOT KEEPING UP WITH HOUSING COSTS

A recent report by the National Low Income Housing Coalition found that the average fair market rent (FMR) for a two-bedroom rental unit in the U.S. is \$1,056 per month.⁵ The annual income needed to afford that rental unit is \$42,240, or \$20.30 per hour. A full-time worker earning the federal minimum wage would need to work 112 hours per week, or 2.8 minimum wage jobs to pay for that unit and still be able to afford other household expenses. The average hourly wage of the 41.8 million renters in the U.S. is \$15.42—nearly \$5 per hour below what is needed to afford the average two-bedroom apartment.⁶

Chart 1. Average Renter Wages vs. Wages Needed to Afford 2-Bedroom Apartment



Source: National Low Income Housing Coalition: Out of Reach 2016 Report

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As illustrated in Chart 1, housing costs in Alabama, Mississippi, and Louisiana are substantially lower than the national average, but wages are as well. Increasing the state minimum wage above the federal rate is a critical first step toward closing the gap between household incomes of working families and the cost of housing. Establishing a state Earned Income Tax Credit (EITC) is another proven way to boost the incomes of working families and relieve some strain on their household budgets.⁷ All three states' legislatures have repeatedly defeated proposals to increase the minimum wage despite broad public support. Also, while Louisiana established a modest EITC in 2007, the Mississippi and Alabama legislatures have defeated proposals to do the same in their states.

FEDERAL HOUSING ASSISTANCE ONLY REACHING A FRACTION OF ELIGIBLE HOUSEHOLDS

Even with wage increases and state EITCs, some households still will be unable to afford adequate housing. Several federal housing assistance programs exist to fill the gap between vulnerable households' income and the fair market rent for the area in which they live. The three major federal housing programs include: public housing developments, privately-owned subsidized rental units, and housing vouchers that low-income renters use to pay for rent in the private rental market.

Unfortunately, federal funding for such programs has not significantly increased since 2003 while demand has increased, resulting in substantial unmet need.⁸ Rental subsidies or public housing units are only offered to the extent that they are available when a household applies; if nothing is available, the household is put on a waiting list. In fact, federal housing assistance serves only about one-quarter of the 20 million eligible households.⁹ What's more, housing programs often prioritize vulnerable populations including veterans, persons with disabilities, and the elderly, leaving an increasing number of poor working families without assistance.

Low-income working households who are eligible but do not receive housing assistance have several undesirable options. They can take on a severe housing cost-burden, meaning they pay more than 50 percent of their income in rent; live with family or friends in often over-crowded conditions; or live in a shelter, car, or on the street. Not surprisingly, most in Louisiana, Mississippi, and Alabama end up taking the first option and spend the majority of their income on rent.

Chart 2. Low-Income Household Living Arrangements By State

	Households Paying >50% Income in Rent	Homeless Persons	Children in Unstable Housing*
Alabama	128,800	4,561	13,979
Mississippi	82,000	2,226	11,919
Louisiana	145,600	4,606	17,983

Source: Center on Budget and Policy Priorities, Federal Rental Assistance State Fact Sheets, 2014.
*Includes the number of school-aged children living in hotels or motels or doubled-up with other families.

STATE INVESTMENTS IN HOUSING ASSISTANCE ARE CRITICAL

In addition to raising wages and establishing EITCs, states have an important role to play in increasing the availability of affordable, secure housing. Many states and municipalities have made investments in housing assistance programs that supplement the federal programs. Notably, state-operated housing trust funds have been effective in increasing the number of affordable rental units available to low-income families and leveraging private investment to maximize the impact of public funds. For example, Louisiana created the Louisiana Housing Trust Fund in 2003 with a one-time investment of \$25 million. Housing advocates estimate that the initial state funding helped to secure an additional \$61 million in private funding for the development and rehabilitation of housing for low-income families.¹⁰ Unfortunately, the legislature has failed to establish an ongoing revenue source for the fund and it has been dormant since 2009. Alabama created the Alabama Housing Trust Fund in 2012 but has yet to dedicate any state revenue to the fund, despite an ongoing campaign by state housing advocates, human service providers, and low-income housing developers. A group of advocates also have banded together in Mississippi to promote the establishment of a state housing trust fund, but the effort has not been successful to date.

Louisiana, Mississippi, and Alabama must take action to increase wages and household income for renters if they are to stem the growing housing crisis. By raising the state minimum wage to a living wage and ensuring that their state tax systems include a robust EITC, state legislators can ensure that more families can afford secure housing and have enough money left over to afford basic necessities. Through the establishment of state housing trust funds with a dedicated stream of funding, states also can increase the availability of affordable homes in which families can safely create and live out their lives.



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ENDNOTES

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