

The Incredible Shrinking Apartments

BY JONATHAN FANTON



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With so many eyes focused on home sales and mortgage rates, it is easy to forget that 34 million U.S. households—one-third of all Americans—currently rent. The fact is that nearly all of us are renters at some point in our lives.

The rental market is critically important, yet the supply of affordable units is on the decline. A new report by Harvard University's Joint Center for Housing Studies and funded by the MacArthur Foundation shines light on the significant loss of America's affordable rental housing stock. For every new low-cost unit that is built, two are razed, abandoned, or turned into condominiums or high-end rentals, according to the study, titled "America's Rental Housing: Homes for a Diverse Nation." Over the past decade, the nation has lost 2 million affordable rental homes as markets soared, federal subsidies waned, owners divested, and aging properties deteriorated beyond repair.

It's not just housing that's at stake; it's also the collective investment of American taxpayers. Over the past 50 years, billions of public dollars encouraged the private market to build and operate many of the homes that are now disappearing.

More important than the money are the people. Renters come from all economic levels and all walks of life. Some choose to rent because they want to maintain a flexible lifestyle or live close to downtown amenities. Others—from students and young families to teachers and city workers to new immigrants—may be saving money to buy a house, or need to live close to work or school. For people with low-wage jobs, elderly or disabled people on fixed incomes, and anyone with little or no savings, renting is not a choice but a necessity.

Many renters face serious challenges in finding housing they can afford. An apartment renting for \$800 a month requires an annual income of \$32,000 to be considered affordable; that puts it well beyond the means of more than half of all renters nationally. Nearly 15 million low-income households spend more than 30 percent of their income on housing, leaving little for

other necessities such as food, health care, and education, let alone savings.

Recent studies have found that decent, stable housing improves the ability of individuals to get and keep jobs, increases psychological and physical health, and leads to better social behavior and school achievement among children. Vibrant, competitive cities require stable, affordable, quality housing—including rental housing.

Increasingly, policymakers across the country agree that preserving affordable rental housing is sensible public policy. On average, it costs half as much to acquire and improve an existing rental apartment as to build a new one. To increase the net supply of affordable housing, new construction must be accompanied by the preservation of existing properties. Only by combining these strategies can we meet our nation's growing need for decent homes at a reasonable cost.

Fortunately, there are many new preservation efforts underway nationwide. The MacArthur Foundation is promoting the preservation of affordable rental housing through a \$75 million initiative to facilitate new ownership, call attention to the importance of rental housing, and stimulate new policies that preserve and expand the nation's stock of affordable rental units.

The National Housing Trust documents more than 40 cities and states that prioritize preservation projects when granting housing assistance. These new initiatives resulted in the preservation of almost 50,000 affordable rental homes in 2004 alone. Continuing on that path, New York City just made an ambitious 10-year commitment to preserve 73,000 affordable housing units for 200,000 low- and moderate-income residents. More efforts like these are needed if we are to make significant headway toward improving the state of the nation's rental housing.

To read more about the good and bad news facing preservation efforts, see page 30. ■

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