



## Position Paper on Housing Security

Approved September 12, 2016

### 1. Objective

The purpose of this paper is to identify the key issues facing EFAA clients in obtaining safe, secure and affordable housing in order to guide EFAA's efforts to educate the community on the housing situation facing economically challenged members of our community.

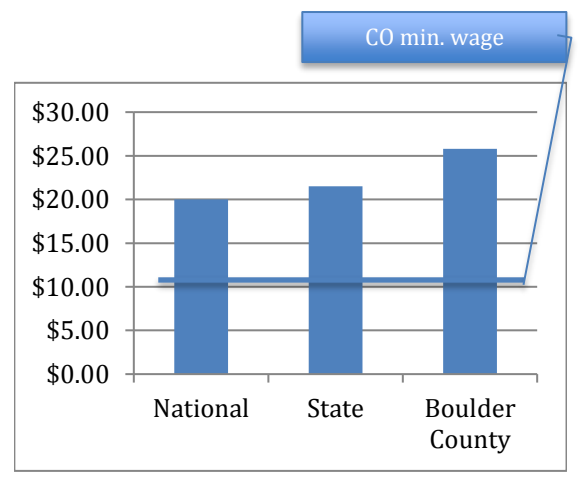
The issue of housing, and in particular housing security is important to address because if we do not successfully address housing security as a community we will not be able to attain family stability. Family stability is essential for a family to manage and plan their future, let alone deal with the continuing issues that our clients face. Housing security also helps create and retain the diverse community that brings broader economic and cultural opportunity for all.

### 2. Working definitions for understanding the housing security context

Definitions for key terms used in discussions about affordable housing and housing security include:

- **Affordable housing:** Housing and Urban Development (HUD) guidelines for affordable housing recommend that a household pay 30 percent or less of income toward housing costs.
- **Housing insecurity:** is a less exact term, often referred to alternatively as housing instability, used to describe the capacity of a household to maintain safe, stable, and adequate housing. Above the housing affordability level, housing insecurity is typified when households spend more than 50 percent of their income on housing. Forms of housing insecurity range from homelessness to living in vehicles, doubling or tripling up in others' homes, living in sub-standard housing and "roller coaster" housing characterized by multiple moves and no reliable address, school or community. Such circumstances result in children's inability to successfully engage in school, mental health issues driven by insecurity, heightened and decreasing access to economic improvement.
- **'Housing wage':** is often used as a measure of housing affordability and refers to the hourly wage needed for a single full-time worker to lease a 2-bedroom apartment in a given community, paying no more than 30 percent of their income toward housing costs. As of 2015, the average apartment rental cost in Boulder County was \$1,341 per month. According to the National Low-Income Housing Coalition Out of Reach 2016 Annual Report, in order to afford this monthly rent, you need to make at least \$25.79 per hour, or \$53,640 per year. As indicated in Figure 1, not only is Colorado's housing wage higher than the national average, but Boulder County's housing wage is the second highest in Colorado (second only to Eagle County). Relative to Colorado's \$8.31 per hour minimum wage, Boulder County's >\$25 per hour housing wage underscores the underlying housing insecurity in our community.

**Figure 1: Housing wages nationally, in Colorado, and in Boulder County relative to the Colorado minimum wage**



**Affordable housing development:** Development that has rent amounts set so that it is affordable under the previous definition to households earning 80 percent of the area median income

**Cost burdened household:** A cost burdened household pays over 30 percent of the gross household income toward housing costs. A severely cost burdened household pays over 50 percent of the gross household income toward housing costs.

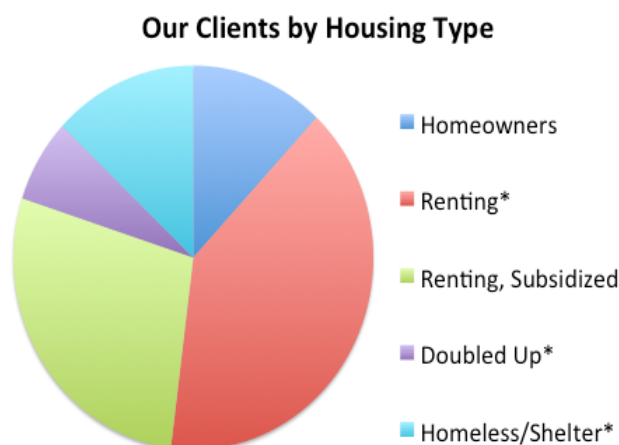
**Subsidized housing:** A limited number of households receive housing subsidized by government programs, such as Section 8 or Public Housing. Households participating in this program pay 30 percent of their income toward rent, with the remaining amount being paid by the government program. The percent of income paid towards rent may be higher based on total rental cost of the unit and immigration status of household members.

### 3. What do we know about our clients' needs, wants, and preferences relative to housing?

Low incomes and high local housing costs combine to put the squeeze on EFAA clients. On the ability to pay side, the lack of sufficient income and household savings are the main reasons people seek help from EFAA to meet their basic needs, either chronically or in response to a shock like loss of a job or a serious illness. Ninety percent of EFAA's clients are classified into the **extremely low income** group, earning 30 percent or less of the Area Median Income (\$25,260 for a family of three in Boulder County). Almost all of EFAA clients are considered **very low income**, earning 50 percent or less of the AMI (\$42,700 for a family of three in Boulder County).

EFAA clients pay an alarmingly high share of their incomes on rent. The average EFAA client pays 55 percent of their income on rent, placing them in a situation of housing insecurity. If EFAA households that are either living in EFAA housing or receiving some other form of permanent housing subsidy (Section 8 voucher, etc.) are extracted from the calculation, the average share of income on rent facing EFAA clients in market circumstances is 72 percent. This population is characterized by high levels of housing insecurity. When unplanned events occur, they have no room to meet their needs as they have so little income left after rent and minimal to no savings to deal with shocks. They have little opportunity to either invest in their children or accumulate savings. When shocks occur, this population is at high risk of becoming homeless. The impact of this situation on family homelessness is dramatic. We don't often think about homeless children here in our community, but in 2015 the Boulder Valley School District identified 539 homeless students in the district.

About two-thirds of EFAA households are renters. The majority of these are renting in the open market, with the others receiving some type of subsidization. A small share, about 10 percent, of EFAA households own their homes and face foreclosure risk, or own mobile homes and have to pay lot rent.. And, almost twenty percent of EFAA households are in crisis, doubled up, homeless or living in temporary shelter-type housing.



\*Indicates clients at systemic risk for home insecurity

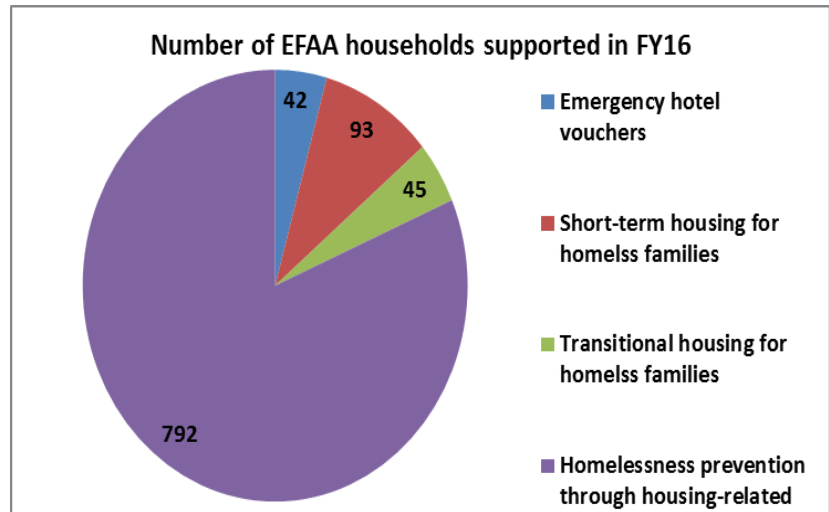
In general, housing insecurity creates disastrous effects, particularly for children. In the immediate crisis, children often have their education disrupted by sudden or frequent moves, causing them to fall behind academically. Moving from place to place frequently results in negative health impacts due to unsafe living conditions and high stress levels. Looking at longer-term effects, the trauma of homelessness or housing instability can and does cause life-long negative effects.

Stable housing has a generational advantage, helping those vulnerable children grow into thriving adults.

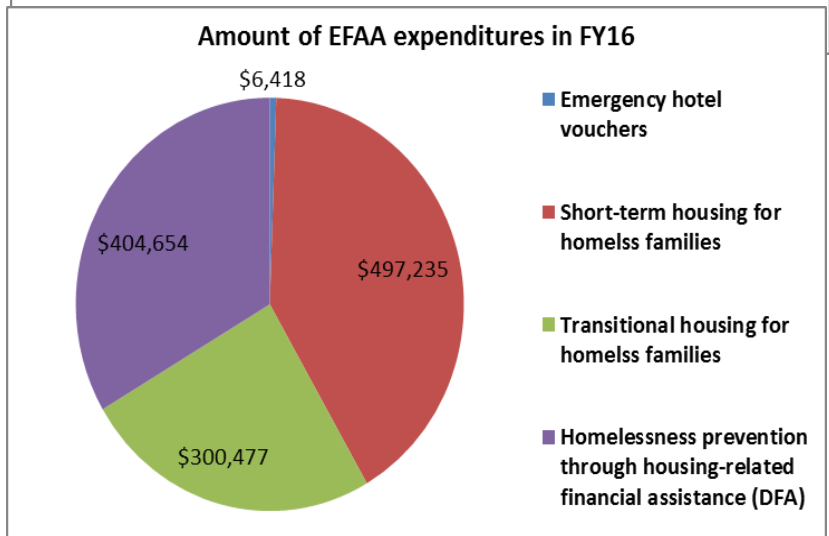
For all households, including families with children and those without, housing security is highly valued. Having a “home base” promotes personal safety and mental health, as well as engagement with the surrounding community. For people who have spent their lives and careers in Boulder County, it’s difficult to imagine starting a new life anywhere else.

EFAA directly supports its clients in several ways along the housing continuum including:

- **Vouchers** for emergency stays in motels, assisting 42 households last year.
- **Short-term housing** – rent-free stays of up to 12 weeks serving 93 families last year.
- **Transitional housing** – modest rent for stays of up to 2 years for 45 families with children last year.
- **Financial assistance to prevent homelessness** – including rent, deposit, and utility assistance to over 800 households last year.



Preventing homelessness through financial assistance is far less costly per household than the provision of short-term or transitional housing. The provision of short-term and transitional housing is meant to stabilize families in crisis, helping them to get back on their feet, save money and, through intensive case management, move towards self-sufficiency. Last year, 75 percent of families in shorter-term housing and 87 percent of families in transitional housing successfully exited to sustainable housing situations upon completion of the program.



#### 4. The current reality and evolving dynamics of our environment relative to Housing Security

The current housing reality facing EFAA clients is daunting. Boulder County is losing ground rapidly in the availability of affordable housing, particularly those units available for households with less than 30 percent AMI. Between 2000 and 2012, the County lost two-thirds of the rental units priced to be affordable for these households, more than half of these were in the city of Boulder. In fact, the City of Boulder loses 1,000 market-affordable units annually due to price inflation and replaces those lost

units with an average of 123 affordable units each year, resulting in a net loss of approximately 880 units each year.

Monthly Rent	Affordable to...	Boulder County				Boulder city			
		2000	2012	Change	% change	2000	2012	Change	% change
All market rental units		39,277	43,287	4,010	10.2%	19,614	20,336	722	3.7%
Less than \$700	<30% AMI	13,433	4,967	-8,466	-63.0%	6,879	1,935	-4,944	-71.9%
\$700 to \$999	30%-50% AMI	13,384	13,657	273	2.0%	6,528	5,913	-615	-9.4%
\$1,000 to \$1,499	50%-80% AMI	9,340	14,744	5,404	57.9%	4,248	6,430	2,182	51.4%
\$1,500 to \$1,999	80%-120% AMI	2,475	5,971	3,496	141.3%	1,520	3,430	1,910	125.7%
\$2,000 or More	120%+ AMI	645	3,948	3,303	512.1%	439	2,628	2,189	498.6%

Source: Boulder Housing Partners

As a result, housing insecurity has increased countywide. Over 55 percent of renters in Boulder County are considered ‘cost burdened’, paying more than 30 percent of their income in rent, rising to 60 percent in the City of Boulder, compared to 49 percent statewide and 48 percent nationally.

Given the structure of the local economy, this situation is expected to continue or worsen. According to Boulder Housing Partners, there are nearly 19,000 workers in Boulder (city) alone in retail, arts/entertainment, educational services, and accommodations/food service jobs in which they earn average wages of approximately \$15,000 - \$25,000. While rental prices continue to rise, the underlying economic structure of Boulder City suggests that the disparity between income and housing costs will continue to rise. The largest areas of predicted future job growth over the next ten years in Boulder County are in food preparation and service and retail sales, both categories with relatively low wages. By 2020, Boulder Housing Partners predicts that no household in Boulder with an income of less than \$30,000 will be able to find a rental unit they can afford without applying for rental assistance.

Suggesting workers relocate outside of the County is neither a sustainable nor desirable solution. Commuting time increases, air quality decreases and poor access to transport are among the negative direct effects of such a policy. Children pay the price through the effects of longer time away from home for commuting parents. Further, the loss of economic diversity within a community harms individuals across the income spectrum.

Creating permanently affordable housing via public investments by the various local housing authorities has been insufficient to address needs. Given land constraints, neighborhood pushback to increased densification, and the high cost of construction, it has been exceedingly difficult to build new permanently affordable housing units.

Rental assistance is also limited to help address the situation. Each year there is a lottery for Section 8 vouchers, with the numbers of eligible households far outnumbering the available vouchers. As important, due to the shortage of housing units, landlords are less likely to accept a housing voucher because they can get a much higher rent on the open market. The number of families with children receiving federal rent subsidies has fallen by over 250,000 (13 percent) since 2004 and is at its lowest point in more than a decade, despite rising need. At the local level, the County’s Human Service Safety Net Tax provides multi-month rental assistance for highly vulnerable families, providing assistance to about 300 households in the County each year.