WHY PEOPLE LIVE IN SUBSTANDARD HOUSING

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22% of homes in the U.S. have serious health and safety issues, such as gas leaks, damaged plumbing and poor heating.
Events: What is happening?

Case study / example:

“I recently graduated from college with a degree in early childhood education and $30,000 in student loan debt. I can’t find affordable housing.”

“I am an accounting clerk with one child. We have no heat because the furnace just died.”

ALICE is an acronym for “Asset-Limited, Income-Constrained, Employed”, which describes those of us who are working hard but struggling to afford the higher cost of living in Livingston County.

WHO IS ALICE?

There are 13,437 ALICE households in Livingston County, which represents 20% of total households.
Rent in Michigan averaged $844 in 2017.

The average hourly wage of renters in the state was $13.70, several dollars below the $16.24 per hour they'd have to earn to afford a market rate unit.
Events: What is happening?

Buying a home today is the least affordable that buying has been in the past 8 years.

- Home price appreciation accelerated in recent years.
- Wage growth turned negative.
- In 2017, mortgage interest rates went up nearly 50 basis points from a year ago.

Data and Trends

Who experiences housing problems in Michigan?

<table>
<thead>
<tr>
<th>Housing Tenure</th>
<th>Total Number</th>
<th>Experiencing at least 1 of 4 Housing Problems*</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner Occupied</td>
<td>2,728,810</td>
<td>315,085</td>
<td>12%</td>
</tr>
<tr>
<td>Renter Occupied</td>
<td>1,112,320</td>
<td>575,300</td>
<td>52%</td>
</tr>
<tr>
<td>All</td>
<td>3,841,130</td>
<td>890,385</td>
<td>23%</td>
</tr>
</tbody>
</table>

Renters in Michigan are **4.3 times more likely** to experience housing problems than owners in Michigan.

The four housing problems are 1) lack of complete kitchen facilities 2) lack of complete plumbing facilities 3) overcrowding 4) cost burdened.

Data and Trends

What are some characteristics of renters in Michigan?

Portion of householders in each race and ethnic group who are renters in Michigan.

- Asian
- Black/African American
- Native Hawaiian/Pacific Islander
- Hispanic or Latino
- Native American
- White

U.S. Census Bureau, 2010 data
Data and Trends

What portion of new households are renting in the U.S.?

An increase of 1.3 million rental households over past 4 quarters.

Source: U.S. Census Bureau, Haver Analytics, 2015

Graph provided by North American Real Estate Investment Trust, 2015 NAREIT Market Commentary
Data and Trends

What are homeownership trends in Michigan?

Homeownership Rates in MI:

- Highest at 77% in 2006
- Lowest at 71% in 1991
- 73% 2017

Diminishing rates of homeownership

Declining homeownership rate puts pressure on rental housing markets, driving up rental housing prices.

Renters in Michigan are 4.3x more likely to experience housing problems than owners.

Rent increases in Michigan outpace wage increases.

The scarcity of rental property in Michigan allows rental property owners to keep their properties rented out regardless of the condition of the property. Rental property owners have little incentive to make repairs.
What else is important about homeownership trends?

Homeownership rates in Michigan by racial and ethnic group

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>White</td>
<td>78%</td>
</tr>
<tr>
<td>Black/African American</td>
<td>45%</td>
</tr>
<tr>
<td>American Indian and Alaska Native</td>
<td>58%</td>
</tr>
<tr>
<td>Asian</td>
<td>58%</td>
</tr>
<tr>
<td>Native Hawaiian and Other Pacific Islander</td>
<td>54%</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>58%</td>
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</tbody>
</table>

2010 U.S. Census, General Housing Characteristics
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>White</td>
<td>88.3%</td>
<td>83.4%</td>
<td>80.1%</td>
<td>79.0%</td>
</tr>
<tr>
<td>Black</td>
<td>11.2%</td>
<td>13.9%</td>
<td>14.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td>Asian</td>
<td>0.2%</td>
<td>1.1%</td>
<td>1.8%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Native</td>
<td>0.2%</td>
<td>0.6%</td>
<td>0.6%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Native Hawaiian and other Pacific Islander</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other race</td>
<td>0.2%</td>
<td>0.9%</td>
<td>1.3%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Two or more races</td>
<td>–</td>
<td>–</td>
<td>1.9%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>
US Population Estimates, by Race/Ethnicity

% share, excluding Puerto Rico
Snapshots, 1990-2019

Source: Geoscape, American Marketscape DataStream: 2014 Series
Median Household Income and Race, 2015

Racial Differences in Income are Substantial:

- 1 dollar
- 1.23 dollar
- 72 cents
- 62 cents*
- 59 cents

White | Asian | Hispanic | AI/AN | Black

U.S. Census Bureau: Proctor, Semega, Kollar, 2016; *2013, Native Her. Month, 2014

David R. Williams, PhD, MPH
Florence & Laura Norman Professor of Public Health
Professor of African & African American Studies and of Sociology
Harvard University
Median Wealth and Race, 2011

For every dollar of wealth that Whites have,

Asians have 81 cents

Blacks have only 6 cents

Latinos have only 7 cents

U.S. Census Bureau, 2014
Racial disparities in wages and wealth persist in the U.S. As a group, Hispanic/Latino, Black/African and Native American people in the U.S. do not have the same home-buying resources as White people. People of color have also faced historical & present-day barriers (institutional racism) to homeownership.

White people in Michigan are 2x as likely to own as Black people, and 1.3-1.4x as likely to own as Asian, Native and Latino people.

Without equity in wages, lending and access to homeownership, people of color will continue being forced into increasingly scarce rental housing.

White people are becoming a smaller portion of the total population.
Discrimination Persists

- Two black and two white, young, well-groomed, well-spoken college-educated men with identical resumes apply for 350 advertised entry-level jobs in Milwaukee, Wisconsin.

- In each team, one said that he was on parole: he had served an 18-month prison sentence for cocaine possession.

Devah Pager; Am J Sociology, 2004
<table>
<thead>
<tr>
<th>Criminal Record</th>
<th>White</th>
<th>Black</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>34%</td>
<td>14%</td>
</tr>
<tr>
<td>Yes</td>
<td>17%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Devah Pager; Am J Sociology, 2004
What values, assumptions and beliefs shape the system?

1. That the rental housing market is competitive with little or no collusion or concentration of ownership. (MYTH)

What values, assumptions and beliefs shape the system?

2. Compared with renters, homeowners are better citizens, neighbors and persons. (MYTH)

“This belief can be traced to the very beginning of American Culture. The dominant view of the colonists was that property ownership was a good indication of a person’s moral worth. In fact, tenants were not allowed to participate in federal elections until 1860 (Dreier 1982).”
What values, assumptions and beliefs shape the system?

3. Anyone who wants to improve their life situation in the United States can do it, if they just work hard enough. (MYTH)
TRUTH: deep inequities shaped by historical and present-day discrimination

www.youtube.com/watch?v=t2XFh_tD2RA
QUESTIONS?