

# Housing Instability in Charlotte- Mecklenburg

2015

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*Prepared by UNC Charlotte Urban Institute on behalf of the Housing Advisory Board of Charlotte-Mecklenburg. Funding for this report provided by Mecklenburg County Community Support Services.*

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# About

## HOUSING INSTABILITY & HOMELESSNESS REPORT SERIES

The 2014 – 2015 Housing Instability & Homelessness Report Series is a collection of local reports designed to better equip our community to make data-informed decisions around housing instability and homelessness. Utilizing local data and research, these reports are designed to provide informative and actionable research to providers, funders, public officials and the media as well as the general population who might have an interest in this work.

In 2014, the Housing Advisory Board of Charlotte Mecklenburg (formerly known as the Charlotte Mecklenburg Housing Coalition) outlined four key reporting areas that together, would comprise an annual series of reports for community stakeholders. The four areas include:

1. [Point-In-Time Count Report](#)

An annual snapshot of the population experiencing homelessness in Mecklenburg County. This local report is similar to the national report on point-in-time numbers, and provides descriptive information about the population experiencing homelessness on one night.

2. [Cumulative Count Report](#)

An annual count of the population experiencing homelessness over twelve months. Like the Point-in-Time Report, this local report is similar to the national report on annual counts of homelessness and also provides descriptive information about the population experiencing homelessness on one night in January. The Point-in-Time Count and Cumulative Count Reports are complements, and together help paint a picture of homelessness and trends in our community.

3. [Housing Instability Report](#)

An annual report focusing on the characteristics and impact of housing instability in the community. During the 2014 – 2015 reporting cycle, this report was broken into two separate reports. The first outlines the characteristics of the Charlotte Housing Authority's Housing Choice Voucher Waiting List. The second focuses on the impact of housing instability and cost burden.

4. [Spotlight Report](#)

An annual focus on a trend or specific population within housing instability and homelessness. During the 2014 – 2015 reporting cycle, this report focuses on homelessness among Veterans within Mecklenburg County.

*The 2014 – 2015 reporting cycle was completed by the University of North Carolina at Charlotte Urban Institute. Mecklenburg County Community Support Services has provided funding for the report series. The reports can be viewed at <http://charmeck.org/mecklenburg/county/CommunitySupportServices/HomelessServices/Pages/reports.aspx>*

# Key Definitions

## Extremely Low Income

A household's annual income is less than 30% of the area median income.

## Fair Market Rent (FMR)

According to 24 CFR 5.100, Fair Market Rent (FMR) means the rent that would be required to be paid in the particular housing market area in order to obtain privately owned, decent, safe and sanitary rental housing of modest (non-luxury) nature with suitable amenities. The FMR includes utilities (except telephone). Separate FMRs are established by the U.S. Department of Housing and Urban Development for dwelling units of varying sizes (number of bedrooms).

## Homeownership Rate

The number of owner-occupied units as a percentage of all occupied housing units.

## Housing Cost Burdened

If a household spends more than 30% of their gross income on rent and utilities, then they are considered housing cost burdened. If a household spends more than 50% of their gross income on rent and utilities, then they are considered *extremely* housing cost burdened.

## HUD Area Median Family Income (HAMFI)

The U.S. Department of Housing and Urban Development estimates the median family income for an area in the current year and adjusts that amount for different family sizes so that family incomes may be expressed as a percentage of the area median income. HAMFI is frequently referred to as median family income (MFI), or area median income (AMI). For more details, see "Explaining AMI" on page 9.

## Low Income

A household's annual income is between 50% and 80% of the area median income.

## Tenure

Refers to whether a unit is owner-occupied or renter-occupied.

## Very Low Income

A household's annual income is between 30% and 50% of the area median income.

# Key Findings



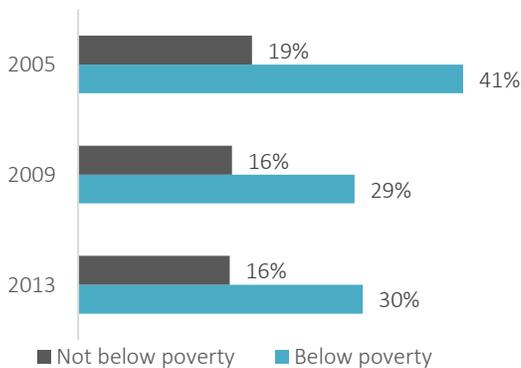
**46%** of renter households were cost burdened in Mecklenburg County in 2013

The proportion of cost burdened renter households increased from 2005-2013

Since 2005, inflation adjusted median gross rents increased more than median household income in Mecklenburg County



A higher percentage of households living below poverty moved within the past 12 months Mecklenburg County 2005-2013



Note: Data does not include moves from abroad.



**27%** of owner-occupied households were cost burdened in Mecklenburg County in 2013

The proportion of cost burdened owner-occupied households decreased from 2005-2013

# Introduction

Housing instability in the United States is an issue that impacts a large percentage of Americans, mostly because it comes in so many forms. People who experience housing instability may be characterized by frequent moves due to economic or affordability reasons, doubling up with family or friends, or living in hotels.<sup>1</sup> Many of those who become homeless have faced housing instability due to a combination of limited financial resources and high housing costs.<sup>2</sup> Housing conditions that may contribute to housing instability include:<sup>3</sup>

- **High housing costs.** A household traditionally is considered to have high housing costs or to be cost burdened if they are spending 30% or more of their gross income on rent and utilities.
- **Poor housing quality.** Poor housing quality constitutes housing that is inadequate in some way, such as having faulty heating or electricity systems or incomplete plumbing.
- **Unstable neighborhoods.** Unstable neighborhoods may be characterized by high poverty, high crime rates, and a lack of job opportunities.<sup>4</sup>
- **Overcrowding.** Generally, a household is considered overcrowded if there are more than two people-per-bedroom.<sup>5</sup>
- **Homelessness.** In regulation 24 CFR §578.3, the U.S. Department of Housing and Urban Development defines a household as homeless if it has “a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground” or is residing in a shelter (emergency/seasonal shelter or transitional housing).

The economy and the housing market both impact the affordability of housing and the housing cost burden that households experience.<sup>6</sup> Literature shows that there are several contributing and compounding factors to housing instability among individuals and families, and that the effects can be detrimental to household members’ health and mental development, especially in young children and adolescents.<sup>7</sup>

## BARRIERS TO HOUSING STABILITY

The barriers to finding and maintaining stable housing come in a variety of forms. A key barrier to maintaining stable housing is the actual cost of housing and rental units. Low-income workers, in urban areas especially, have the greatest challenges in finding affordable housing due to high housing costs. This difficulty in obtaining affordable housing can result in “difficult tradeoffs in both housing quality and spending on other vital needs.”<sup>8</sup>

Remnants of the last economic recession combined with stagnant wage growth have had a large impact on housing affordability. A study by Enterprise Community Partners found that “more than one in four renters

in the United States devote at least half of their family income to pay for housing and utilities.”<sup>9</sup> Access to transportation also plays a large role in housing instability as limited access to public transportation increases the cost of living due to personal automobile and gas costs.

Another factor that can contribute to housing instability includes a person’s age. One study found that as the elderly population increases, their likelihood of experiencing housing instability due to lack of affordable senior living options and economic insecurity also rises.<sup>10</sup> Conversely, young adults are experiencing a much longer transition into adulthood and financial independence. This is especially an issue among individuals aging out of the foster care system who may lack support. Various studies estimate that approximately 11% to 36% of youth aging out of foster care will experience some form of housing instability.<sup>11</sup> Other barriers include common life events such as losing one’s job, the death of a spouse, severe illness, or other unforeseen events that can spur a financial crisis.

## IMPACT OF HOUSING INSTABILITY

Housing instability has consequences for individuals and families, as well as for society. Much of the literature on the subject points to two major concerns for households experiencing instability: strains on physical and mental health and the development and school achievement of children. A study that analyzed characteristics of families that moved in Michigan found that individuals who moved for financial reasons were more likely to report an anxiety attack than those with no housing instability. Of those families who had experienced homelessness, more were likely to report poor self-rated health or bouts of depression.<sup>12</sup> Another study found that over 50% of children who had experienced homelessness by age five had moved more than three times during their lifetime. Frequent moves can provide an array of developmental and school attainment challenges for children, including emotional and anger issues, chronic absence from school, social disconnect from peers, and high drop-out rates.<sup>13</sup> Literature shows that housing instability and crowding can impact mental health, physical health, familial relationships, and social relationships.<sup>14</sup> For household members that are adults or older children, housing instability “has been associated with mental health concerns, substance abuse, increased behavior problems, poor school performance, and increased risk of teen pregnancy.”<sup>15</sup>

This report will include a discussion of various factors to consider in measuring housing instability and affordability, as well as data specific to Mecklenburg County, North Carolina.

# Explaining Area Median Income

In the discussion of housing instability, area median income (AMI) and HUD Area Median Family Income (HAMFI or MFI) are commonly used terms that can impact eligibility for programs as well as inform what housing is available and affordable for households.

## WHAT ARE HAMFI AND AMI AND HOW ARE THEY RELATED TO AFFORDABLE HOUSING?

HUD Area Median Family Income (HAMFI or MFI) limits are based on the area median income (AMI), which is typically developed using U.S. Census data. HAMFI limits are calculated by the U.S. Department of Housing and Urban Development (HUD) and are used to determine eligibility for various housing programs, such as the Housing Choice Voucher program. HUD calculates these limits based on census data and makes adjustments based on family size and housing market.<sup>16</sup> In addition to their use in determining HUD program eligibility, these income categories, shown in Figure 1, are frequently referenced when discussing affordable housing more broadly.

While traditionally viewed as breaks, another way to think of these HAMFI income categories is as a continuum, with individuals passing through many of these income categories throughout their lives or even during the course of a year.

Figure 1. FY 2015 HAMFI Limits



# EXPLAINING AREA MEDIAN INCOME

## HOW THIS LOOKS IN THE CHARLOTTE METRO AREA

Based on the FY2015 limits (see Table 1), a family of four in the Charlotte-Mecklenburg metro area<sup>1</sup> is considered extremely low income (less than 30% MFI) if it has an annual income of **\$24,250 or less** and very low income (31% to 50% MFI) if it has an annual income of **\$33,600 or less**.

Using a widely used definition of affordable, that a household spend no more than 30% of their gross income on housing and utilities, this means that a very low income (31% to 50% MFI) household of four could afford a maximum of **\$840** in total monthly rent and utilities costs and an extremely low income household of four could afford a maximum of **\$606** in total monthly rent and utilities costs. For context, Table 2 shows that in the Charlotte-Mecklenburg metro area, the FY2015 Fair Market Rent (FMR)<sup>2</sup> is **\$831** for a two bedroom apartment, **\$1,120** for a three bedroom apartment, and **\$1,389** for a four bedroom apartment.<sup>17</sup>

Table 3 provides examples of occupations that can fall within each income limit category for a household of four with one income earner.

**Table 1. FY 2015 Charlotte-Mecklenburg Income Limits Summary**

FY 2015 Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Extremely Low (30%) Income Limits	\$14,150	\$16,150	\$20,090	<b>\$24,250</b>	\$28,410	\$32,570	\$36,730	\$40,890
Very Low (50%) Income Limits	\$23,550	\$26,900	\$30,250	<b>\$33,600</b>	\$36,300	\$39,000	\$41,700	\$44,400
Low (80%) Income Limits	\$37,650	\$43,000	\$48,400	<b>\$53,750</b>	\$58,050	\$62,350	\$66,650	\$70,950
Median income	\$67,200							

Source: U.S. Department of Housing and Urban Development. 2015. *FY2015 FMR and IL Summary System*. Retrieved from: [http://www.huduser.org/portal/datasets/fmr/fmr\\_il\\_history.html](http://www.huduser.org/portal/datasets/fmr/fmr_il_history.html)

**Table 2. FY2015 Fair Market Rent in Charlotte-Mecklenburg**

Efficiency	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
\$636	\$701	\$831	\$1,120	\$1,389

Source: U.S. Department of Housing and Urban Development. 2015. *FY2015 FMR and IL Summary System*. Retrieved from: [http://www.huduser.org/portal/datasets/fmr/fmr\\_il\\_history.html](http://www.huduser.org/portal/datasets/fmr/fmr_il_history.html)

<sup>1</sup> The Charlotte-Mecklenburg metro area includes Cabarrus County, NC, Gaston County, NC, Mecklenburg County, NC, Union County, NC, and York County, SC.

<sup>2</sup> Fair Market Rent includes rent and utilities (except telephones). See “Key Definitions” section for additional details.

**Table 3.** Examples of occupations and mean wage in Mecklenburg County by income limit for a four person household, 2014

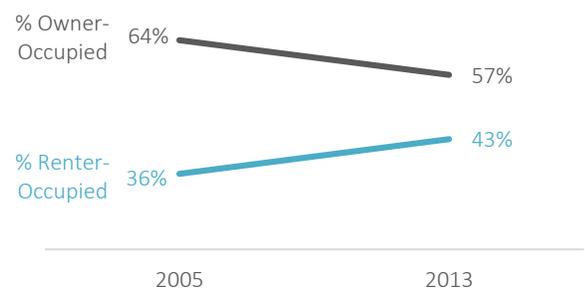
Extremely Low Income (<30%) (\$24,250 for a family of four)		Very Low Income (31% to 50%) (\$33,600 for a family of four)		Low Income (51% to 80%) (\$53,750 for a family of four)	
Occupation	Mean Wage	Occupation	Mean Wage	Occupation	Mean Wage
Pharmacy Aides	\$20,290	Preschool Teachers, Except Special Education	\$25,740	Firefighters	\$34,930
Waiters and Waitresses	\$20,710	Healthcare Support Occupations	\$25,790	Office and Administrative Support Occupations	\$35,620
Childcare workers	\$21,240	Retail Salesperson	\$25,900	Police, Fire, and Ambulance Dispatchers	\$35,630
Food preparation and serving related occupations	\$21,300	Bus Drivers, School or Special Client	\$25,990	Emergency Medical Technicians and Paramedics	\$36,260
Teacher Assistants	\$22,850	Tellers	\$27,870	Community Health Workers	\$36,960
Building and Grounds Cleaning and Maintenance Occupations	\$23,130	Refuse and Recyclable Material Collectors	\$28,130	Correctional Officers and Jailers	\$36,970
Physical Therapist Aids	\$23,200	Receptionists and Information Clerks	\$28,240	Kindergarten Teachers, Except Special Education	\$42,440
Nursing Assistants	\$23,310	Medical Assistants	\$30,410	Installation, Maintenance, and Repair Occupations	\$45,030
Crossing guards	\$23,780	Veterinary Technologists and Technicians	\$32,030	Police and Sheriff's Patrol Officers	\$48,150
Security guards	\$24,000	Library Technicians	\$32,880	Postal Service Mail Carriers	\$51,590

Source: Bureau of Labor Statistics. (2014). Occupational Employment Statistics: May 2014 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates- Charlotte-Gastonia-Rock Hill, NC-SC. United States Department of Labor. Retrieved from: [http://www.bls.gov/oes/current/oes\\_16740.htm#00-0000](http://www.bls.gov/oes/current/oes_16740.htm#00-0000)

# Housing Market Context

The number and proportion of renter-occupied households increased from 2005 to 2013 in Mecklenburg County, reflecting the nationwide trend of declining homeownership rates. In 2013, the homeownership rate nationally was 63.5% and Mecklenburg County had an even lower homeownership rate of 57%. Simultaneously, both the number and proportion of renters increased substantially, placing pressure on the rental housing market. In Mecklenburg County, from 2005 to 2013, the percentage of renter-occupied units increased from 36% to 43%, reflecting an increase of 48,046 renters. In comparison, the proportion of owner-occupied units decreased from 64% to 57%, reflecting an increase of only 8,938 homeowners.

Change in Housing Tenure  
Mecklenburg County, 2005-2013



Source: U.S. Census Bureau American Communities Survey 1-Year Estimates.

These trends in the homeownership and rental markets are reflective of both the housing market and economic conditions nationally. Homeownership rates decreased during the recession and research suggests that the rate has not fallen further because it is being sustained in part by baby boomers—homeownership rates are substantially lower for younger age groups and also for non-Whites. The recession also resulted in a tightening of access to credit, limiting households' access to mortgages—this tightening of credit has especially impacted non-White households. Additionally, the decrease in household income and the number of people carrying significant student loan debt severely limit a household's ability to save for a down payment to purchase a home. The Joint Center for Housing Studies at Harvard University found that approximately half of 25 to 35 year olds are both housing cost burdened and facing student loan debt, which limits their ability to save for a down payment. Because fewer people are purchasing homes and many people lost their homes during the recession, there has been increased demand for rental units. This increased demand for rental units overall has had an impact on the availability of affordable rental housing and the number of households facing a housing cost burden.<sup>18</sup> It is anticipated that the shortage of affordable rental units will continue as the cost of Housing Choice Vouchers rises, communities have less money for the development of affordable units due to cuts in the HOME Investment Partnerships Program (HOME) Federal block-grant program, and the affordability requirements of approximately 2 million assisted housing units expire nationwide.<sup>19</sup> It is also anticipated that the number of severely cost-burdened renter households nationally will continue to rise from 11.2 million households in 2013 to over 13 million by 2025.<sup>20</sup>

# Measuring Housing Instability

Housing cost burden is one of the largest factors impacting housing instability. Several agencies have developed methods for measuring housing cost burden—specifically, housing affordability as it relates to income. Affordability varies widely depending on each community and is impacted by each community’s local economy and housing market.

A traditional and widely used definition for housing affordability is the U.S. Department of Housing and Urban Development (HUD) definition that a household’s monthly housing costs should not exceed 30% of their gross household income. If a household’s housing costs exceed 30% of their gross income, then they are considered cost burdened. If a household spends more than 50% of their gross income on housing, then they are considered severely cost burdened. While this definition is widely used and utilizes easily available data, there are many critiques of this measure of housing cost burden. There are some aspects of housing affordability that this affordability measure does not take into account and that should be considered in the affordability discussion:<sup>21</sup>

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## DEFINITION HOUSING COST BURDENED

If a household's monthly housing costs exceed 30% of their gross income.

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- **Transportation cost or accessibility.** Both transportation accessibility and transportation costs associated with distance from work are key. Transportation costs are one of the largest household expenses next to housing according to the U.S. Bureau of Labor Statistics. If a household has lower housing costs, but higher transportation costs due to housing located far from jobs, it can negate the cost savings obtained from having less expensive housing. The Center for Neighborhood Technology recommends a housing affordability measure where housing costs should not exceed 30% and transportation costs should not exceed 18% (48% total) of a household’s income.<sup>22</sup> Additionally, accessibility to public transportation may be important in members of a household being able to get to work.

- **Quality of housing, schools and neighborhoods.** While housing may be affordable, it might not be located in a safe neighborhood with access to amenities or high quality schools. Additionally, some families may select to live in more expensive housing so that their children can go to higher performing schools.
- **Cost of living.** Cost of living (food, gas, transportation, etc.) may vary by neighborhood or community.
- **Size of household.** The size of a household impacts the cost of housing. For example, a one-person household earning \$30,000 versus a four-person household earning \$30,000 will have different housing costs as well as different needs.
- **Residual / discretionary income.** Spending 30% of gross income on rent and utilities looks very different for households of different incomes, and some recommend that housing affordability measures take into consideration the residual income that remains to afford other basic needs or to save money for long-term needs like retirement.
- **Additional financial constraints.** Households may have other monthly expenses that impact discretionary income such as daycare, student loans or medical bills that reduce the amount of remaining funds for other basic household expenses. This is harder to measure however, since it requires additional information on household expenses.
- **Changes in income over time.** For many households, income may change over time as household members age, return to school, or as household members leave the workforce. This measure doesn't take into account whether a household will be able to maintain housing long-term, only whether they can afford the housing at that point in time.
- **Quality child care.** Child care can be one of a household's largest expenses and can place a large financial burden on households. While child care vouchers are available for qualifying lower income households, housing costs may limit the remaining funds for some households that can be used for quality child care and parents may have to face difficult decisions about who takes care of their children. According to a report by ChildCare Aware, in North Carolina, sending a child to a child care center can range from \$3,800 for a school-age child to \$9,255 for an infant. This means that for a single mother making area median income with an infant at a full-time child care center, 42% of their income would go to child care costs—not including the transportation costs associated with getting the child to the child care center. If a household has multiple children in need of child care, these costs would be even higher. These expenses can place a significant burden on households, especially low-income households that are already burdened by housing costs. Additionally, forgoing quality child care because of affordability can have impacts on a child's development.<sup>23</sup>

# Instability: Renter Households

## HOUSING COST BURDEN

While the number of renters has increased, a lack of affordable rental units remains nationally, impacting the number of households who are cost burdened.<sup>24</sup> In Mecklenburg County, in 2013, almost half (46% or 74,243 households) of all renters were housing cost burdened. Of all cost burdened households, 33,666 households were severely cost burdened, representing 21% of all renter households.

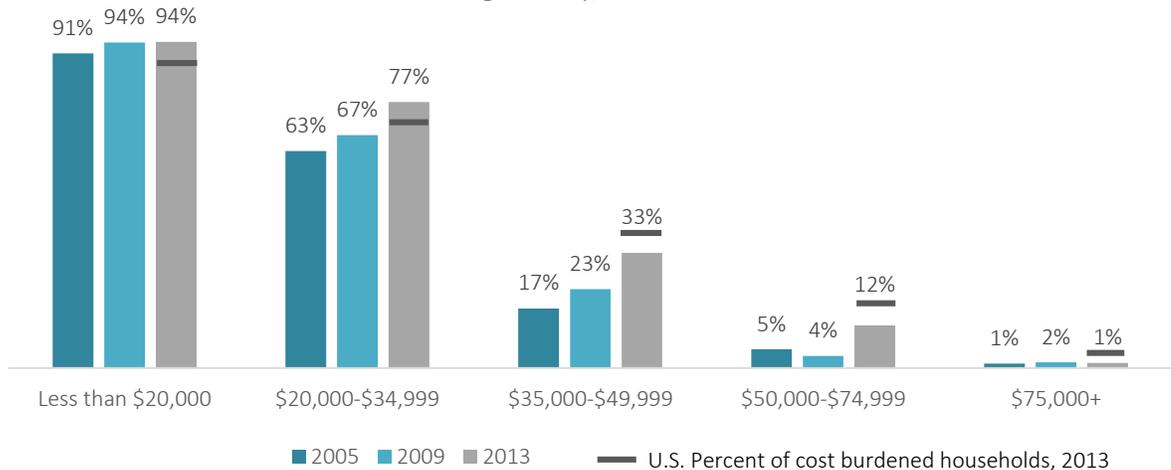
When income is taken into account, a clear trend emerges. A higher proportion of lower-income households face a housing cost burden compared to wealthier households—this does not take into account household size or remaining discretionary funds, which could further exacerbate the burden households face.

Percent of cost burdened renter households  
Mecklenburg County, 2005-2013



Source: U.S. Census Bureau American Communities Survey 1-Year Estimates.

Cost burdened renter-occupied households by income  
Mecklenburg County, 2005 - 2013



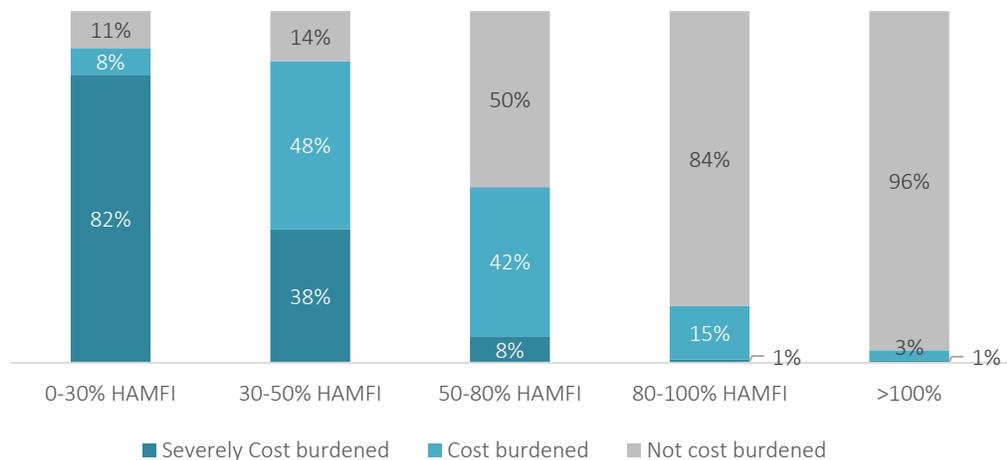
Source: U.S. Census Bureau American Communities Survey 1-Year Estimates.

Overall, 94% of renter-occupied households in Mecklenburg County that earned less than \$20,000 were housing cost burdened in 2013, compared to 91% in 2005. This is slightly higher than the percentage nationally, which was 89% in 2013. In contrast, for households with incomes of \$20,000 to \$34,999, the percentage of housing cost burdened households increased from 63% to 77% (or from approximately 18,607 households to approximately 28,445) from 2005 to 2013.

While the share of housing cost burdened renter households is lower for moderate income households than low income households in Mecklenburg County, and lower than the share nationally, the increase from 2005 to 2013 in Mecklenburg County is notable. From 2005 to 2013 the percentage of housing cost burdened renter households with incomes in the \$35,000 to \$49,999 range almost doubled (from 17% to 33%) and for households with incomes in the \$50,000 to \$74,999 range it more than doubled (from 5% to 12%). This increase in housing cost burden among moderate income households is not unique to Mecklenburg County, but is reflective of trends at the national level as well.<sup>25</sup>

When household size is taken into account by looking at HUD’s Comprehensive Housing Affordability Strategy (CHAS) data from 2008 to 2012, a similar pattern emerges with a larger proportion of extremely low and low income renter-occupied households experiencing higher cost burdens than higher income households. For households within 0% to 30% HAMFI, where data were available, 82% of households were severely cost burdened and an additional 8% were cost burdened.

### Cost burdened renter-occupied households by HAMFI Mecklenburg County, 2008 - 2012

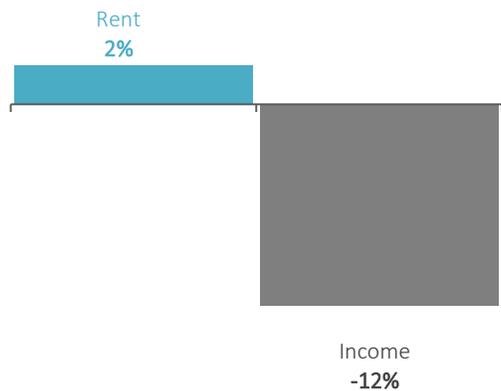


Source: U.S. Department of Housing and Urban Development Comprehensive Housing Affordability Strategy (CHAS) dataset, 2008-2012.

When housing cost burden is examined in conjunction with race, a higher proportion of Black and Hispanic renter-occupied households are housing cost burdened in comparison to White and Asian renter households. Impacting this is that Black and Hispanic renter households have lower median incomes than Whites and Asians—in 2013 the median income for a Black household was \$37,531 compared to \$70,382 for a White household.

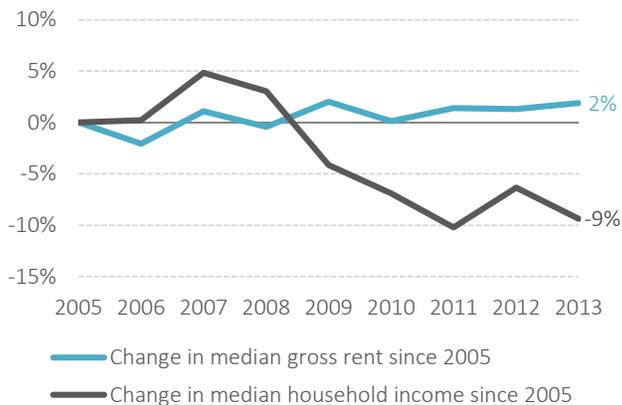
The percentage of cost burdened renter households increased from 2005 to 2013 across all income groups. One factor in the increase in housing cost burden among renters is the difference in the growth rate of median gross rent and median gross income. From 2005 (pre-recession) to 2013 (economic recovery), inflation adjusted wages decreased by 9% while median gross rent increased by 2%, making rents less affordable for some households. If we look more specifically at the change since 2008, in the period directly following the financial crisis and ensuing recession, inflation adjusted gross rents increased by 2% while median household income decreased by 12%.

### Percent change from 2008 - 2013 in inflation adjusted median gross rent and median household income Mecklenburg County, 2008-2013



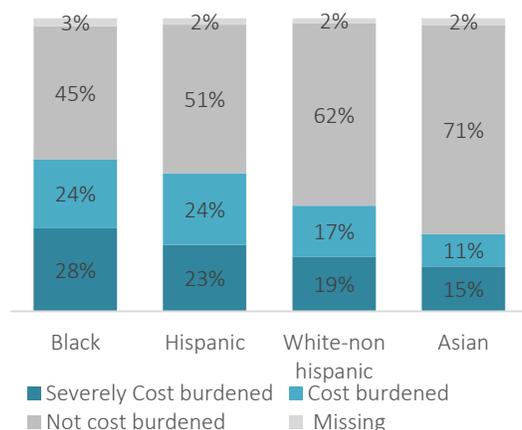
Source: U.S. Census Bureau American Communities Survey 1-Year Estimates.

### Percent change since 2005 in inflation adjusted median gross rent and median household income Mecklenburg County, 2005-2013



Source: UNC Charlotte Urban Institute tabulations of U.S. Census Bureau American Communities Survey 1-Year Estimates.

### Cost burdened renter-occupied households by race Mecklenburg County, 2008 - 2012



Source: U.S. Department of Housing and Urban Development Comprehensive Housing Affordability Strategy (CHAS) dataset, 2008-2012.

## WAGES AND AFFORDABILITY

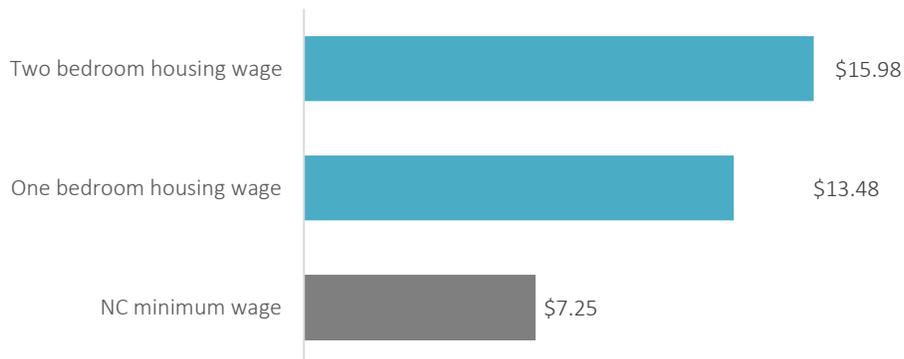
The 2015 Out of Reach Report produced by the National Low Income Housing Coalition examines wages in comparison to Fair Market Rents (FMR) in an area. The FMR is developed by HUD and provides an estimate of gross rent for a “standard-quality rental housing unit” in the current market. These gross rent estimates “include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service.”<sup>26</sup>

The same critiques of using the measure that housing costs should not exceed 30% of gross income measure listed in the “Cost Burden” section of this report apply. This measure is useful because it takes local wages and the local housing market into account. Using this measure in conjunction with the FMR for the area, the report provides the hourly wage needed to afford a unit or the number of hours that a person making minimum wage would need to work to afford a unit.

When compared nationally, North Carolina ranks 33<sup>rd</sup> in terms of the housing wage needed for a two bedroom at FMR—the housing wage would be \$14.68 in North Carolina compared to \$31.61 needed in Hawaii, which is ranked highest. While this might indicate that North Carolina is more affordable comparatively, it does not mean that North Carolina is affordable. The report found that in not a single state across the United States could one person afford a one- or two- bedroom unit making the federal minimum wage and working the standard 40-hours per week. Based on the 2015 minimum wage of \$7.25 in Mecklenburg County, a household with one earner working a typical 40-hour work week could afford a combined monthly rent and utility expense of \$377. However, to afford a one-bedroom unit at FMR (\$701), a household must make \$13.48 per hour or work approximately 74 hours per week at minimum wage.

### Hourly wage needed if working 40 hours per week to afford an apartment

Mecklenburg County, 2015



Source: National Low Income Housing Coalition. (2015). *Out of Reach 2015*. Retrieved from: <http://nlihc.org/oor>

# Instability: Owner-Occupied Households

## HOUSING COST BURDEN

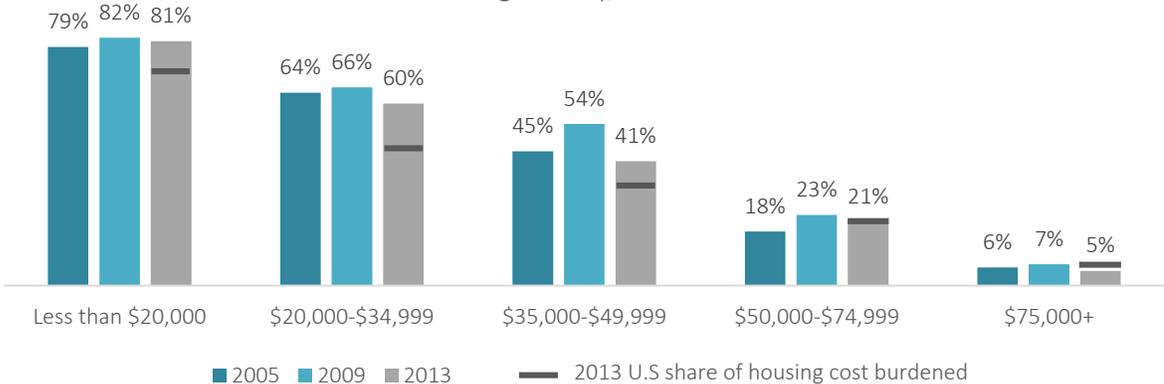
In contrast to renter-occupied households, the number of housing cost burdened owner-occupied units (both with a mortgage and overall) decreased from 2005 to 2013 in Mecklenburg County both in terms of numbers and proportion. When we look specifically at households with mortgages, in 2005, 51,706 (31%) of homeowners with mortgages were cost burdened, compared to 45,529 (27%) in 2013—a decrease of 4 percentage points. The trend locally in Mecklenburg County is similar to the trend nationally. Nationally, the share of housing cost burdened homeowners decreased by 5 percentage points from 2010 to 2013.<sup>27</sup> This trend locally and nationally may be reflective of many cost burdened households losing their homes to foreclosures as well as lower monthly mortgage costs due to lower interest rates—although research has shown that many non-White homeowners are not benefitting from taking advantage of these lower interest rates.<sup>28</sup> When household income is taken into account, 81% of households with incomes of less than \$20,000 are cost burdened, compared to only 5% of households with incomes of \$75,000 or above. From 2005 to 2013, the proportion of cost burdened households increased in 2009, then decreased in 2013.

Percent of cost burdened homeowners with a mortgage  
Mecklenburg County, 2005-2013



Source: U.S. Census Bureau American Communities Survey 1-Year Estimates.

Cost burdened owner-occupied households by household income  
Mecklenburg County, 2005-2013

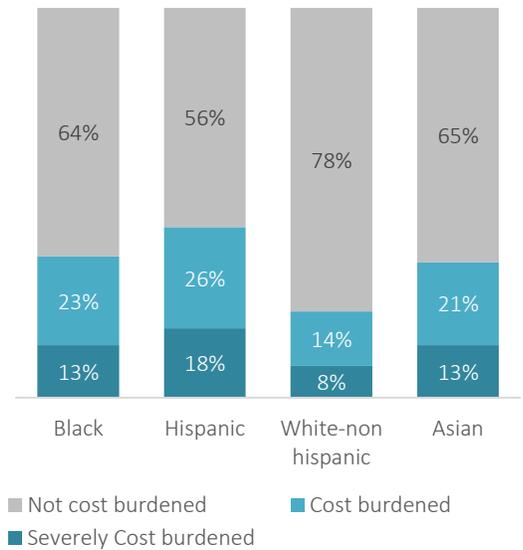


Source: U.S. Census Bureau American Communities Survey 1-Year Estimates.

When household size is taken into account by looking at HUD's CHAS data from 2008 to 2012, a similar pattern emerges with a larger proportion of extremely low and low income owner-occupied households experiencing housing cost burdens than higher income households. For households within 0% to 30% HAMFI, 76% of owner-occupied households are severely cost burdened and an additional 14% are cost burdened.

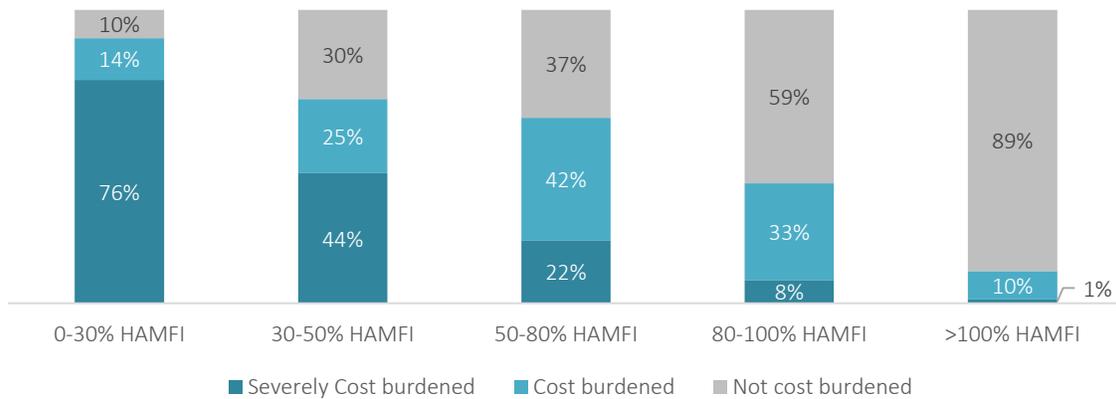
A higher proportion of Black, Hispanic, and Asian owner-occupied households are housing cost burdened in comparison to White owner-occupied households. The number of cost burdened Hispanic homeowners is double that of White non-Hispanics (44% versus 22%). Partially impacting these numbers is that Black and Hispanic households have lower median incomes than Whites and Asians. For example, in 2013 the median income for a Black household was \$37,531 compared to \$70,382 for a White household. The difference in cost burdened Asian households for owners versus renters may be a reflection of housing choice.

### Cost burdened renter-occupied households by race Mecklenburg County, 2008 - 2012



Source: U.S. Department of Housing and Urban Development Comprehensive Housing Affordability Strategy (CHAS) dataset, 2008-2012.

### Cost burdened owner-occupied households by HAMFI Mecklenburg County, 2008 - 2012



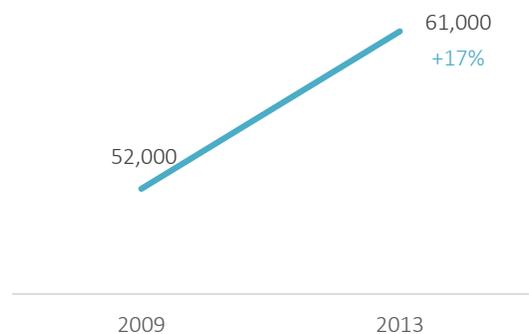
Source: U.S. Department of Housing and Urban Development Comprehensive Housing Affordability Strategy (CHAS) dataset, 2008-2012.

# Additional Data Points

## CHILDREN

In 2013 there were approximately 72,000 children in Charlotte living in a household with a high housing cost burden, of which 61,000 were living in a low-income household with a high housing cost burden. The number of low-income children in high housing cost burdened homes increased by 9,000 children (17%) from 2009 to 2013.<sup>29</sup> Housing cost burden and resulting housing instability can have a large impact on children’s developmental and academic outcomes—especially during the early years of a child’s development.<sup>30</sup> Children in grade school who experience multiple moves are more likely to repeat a grade and older students may be more likely to drop out.<sup>31</sup> In addition to experiencing housing instability, housing cost burdened households may also have limited disposable income, which may impact their ability to spend money on high quality child care, out of school time activities, enrichment activities, or food.

Children in low-income households with a high housing cost burden  
City of Charlotte, 2009-2013

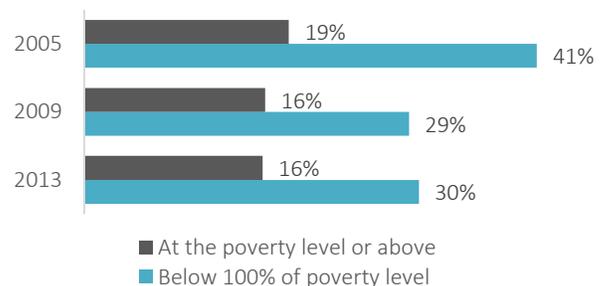


Source: Annie E. Casey Foundation. (2015). *Kids Count*. Retrieved from: <http://datacenter.kidscount.org/>

## MOBILITY

Frequent residential moves are one aspect of housing instability. One way to measure this is to look at whether a person is residing in the same dwelling as they did one year ago. These data show that households living below poverty are more mobile. In 2013, 30% of people below the poverty line moved within the previous year (24% moved from within the state and 6% moved from outside of the state), compared to 16% of those not below poverty (12% from within the state and 4% from outside the state.) These data points do not take into account whether a household rents or owns however, so the differences in moves may be reflective of the differences in mobility among renters versus owners as well. The renter-occupied rate for households below the poverty level in 2013 was 68% compared to 24% for those above the poverty level.

Proportion of households that moved by poverty status in the past 12 months  
Mecklenburg County 2005-2013



Note: Moves from a different country were excluded from calculations.

Source: U.S. Census Bureau American Communities Survey 1-Year Estimates.

# Endnotes

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