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Study: High rents drive Americans into poverty

By Elizabeth A. Harris

The New York Times

The housing shortage in the United States not only drives up rents, it is also a significant driver of poverty, according to a new study released by the Pew Charitable Trust on Tuesday.

The study examined parts of the country where lowering home prices would lift a significant number of people out of poverty — similar in effect to a major anti-poverty program — at a moment when the national conversation around housing has gained urgency at every level of government.

The analysis found that in nine states and Washington, D.C., poverty rates are 16% to 34% higher than they would be if housing costs were the same as the national average. Most of those states are on the East Coast — New Jersey, Massachusetts, Maryland, Connecticut, New York and New Hampshire. Hawaii, California and Colorado also made the list. The analysis was based on research by Zachary Parolin, a professor at the University of Oxford, who examined census data to determine the states where housing costs contributed to the greatest share of poverty.

In New Hampshire, the poverty rate, as defined by the federal poverty line, is 16% higher than it would be with average housing costs. In Hawaii, the poverty rate is 34% higher. In most states included in the study, the rate of child poverty was even more elevated.

Nick Taylor, director of Housing Action NH in New Hampshire, said local businesses have trouble hiring, especially entry-level workers, because people can't afford a place to live.

"We're seeing people who are working hourly jobs at 15, 20, 25 dollars an hour, which is well above minimum wage here in New Hampshire," Taylor said. "But they still can't even come close to paying median housing costs."

Alex Horowitz, project director for housing policy at Pew, said the core issue is supply. There just isn't enough housing in any of these states, and it is difficult and expensive to build there. That means fewer homes are constructed and the ones that are cost more. The report estimates that the United States would need an additional 4 million to 7 million more homes to alleviate the current housing crisis.

Horowitz said that whittling away at regulations would help create more housing, for example by allowing townhouses to be built where only detached homes are permitted or by doing away with parking requirements, which mandate how many parking spots have to be included for each home.

Last year, Pew released a study that found in cities that have added significantly to their housing stock, rents generally went down across housing types, but rents for older, less expensive apartments decreased the most.