

Housing Affordability Crisis: How Can We Address It?

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Abstract

This thematic issue explores the dimensions of the housing affordability crisis from diverse perspectives. The six articles that comprise this issue differ in terms of their geographic context, challenges associated with housing unaffordability, range of research methods used, and solutions recommended to address the problems. The authors present findings from analyses of quantitative and qualitative data, discuss how to address the housing affordability crisis in a context-sensitive way, and provide policy implications. Taken together, the articles reveal the dimensions of the housing affordability crisis and the challenges of addressing this crisis in five Western countries. This editorial provides an introduction to the articles included in this thematic issue and concludes with a call for future research by scholars and professionals into the challenges presented by the housing affordability crisis.

Keywords

displacement; housing affordability crisis; housing policy; institutional barriers

1. Introduction

We live in a rapidly urbanizing world in which many cities face a housing affordability crisis. There is a shortage of all types of housing, particularly affordable housing, in fast-growing urban areas in several nations. Addressing the housing needs of different types of households—from families with children to the elderly and, especially, low-income households—is important for the planning and development of cities. Moreover, housing affordability is context sensitive and dependent on the type of development and jurisdiction, and the housing cost burden is distributed unevenly across households of different incomes and ethnicity (Anacker, 2019; Mukhija, 2022; Rosen et al., 2023).

There is an ongoing debate about the barriers to the housing supply. Several studies have examined the regulatory barriers that contribute to the housing shortage. Some researchers contend that the strictness of land use regulations, limited availability of developable land, and environmental laws are associated with high housing prices (Garde & Song, 2022; Glaeser & Gyourko, 2002; Lee et al., 2022). Others have noted that non-regulatory barriers and challenges, such as community opposition, referred to as Not-in-My Backyard, or NIMBY, to higher-density housing projects as well as the cost and availability of labor and construction materials also contribute to the housing affordability crisis (Garde et al., 2023; National Low Income Housing Coalition, 2022; Wetzstein, 2017). Advocacy groups assert that housing is a human right. This thematic issue, and the six articles that comprise it, asks, “What are the causes and consequences of the housing affordability crisis, and how might we address the problem?”

2. Overview of the Articles

The first two articles focus on housing affordability issues in the United States. In the first article, Dreier and Rodnyansky draw attention to affordable housing challenges across the nation to argue that a new federal government policy is needed to address the housing affordability crisis. The authors acknowledge that the supply of housing has not kept up with demand, especially for low- and moderate-income households, which has contributed significantly to the housing affordability crisis. They provide the broader context and emphasize that the construction of affordable rental units is unlikely to increase significantly to meet the demand; wages of low-income households are unlikely to increase to enable households to rent or own market-rate housing; and more subsidies are unlikely to be available from local or state governments to fill a substantial gap between supply and demand for low-income housing. They thus propose an innovative solution that they refer to as “EITC Plus” to address the housing affordability problem. The EITC Plus approach combines key features of two federal programs—the Earned Income Tax Credit (EITC) and Housing Choice Voucher (HCV)—to reduce the disparity between the rent and income of low-income households. The proposed solution, which combines the EITC program, supported by elected officials across the political spectrum, and the HCV program, which is severely underfunded, shifts the focus of the problem from an enduring undersupply of all types of housing to the inadequacy of federal government housing programs that support low-income households.

In the second article, Cianfarani et al. explore the mismatch between housing demand and supply in a rural but growing region in Oklahoma to recommend an expansion of the federal HCV program. In particular, the authors examine the demand and supply of housing for various income groups in a rural region that is currently experiencing economic growth and urbanization. The study employs gap analysis to reveal a significant mismatch between housing supply and demand for extremely low-income renters at the state level and within core-based statistical areas, as well as cluster analysis to identify geographic patterns in housing characteristics across the state. The authors find a notable gap in terms of the availability of studio and one-bedroom units, driven by shrinking household sizes and an increasing preference for smaller rental spaces. The authors conclude with policy recommendations that consider regional differences, including an expansion of the HCV program, to address the demand and strategies to maintain and diversify the housing stock to enhance supply.

Schnelzer, in the third article, focuses on Vienna, Austria. The author examines the experiences of middle-income tenants who sought formal counseling or legal assistance to cope with decreasing housing

affordability and increasing displacement pressures in the context of rising rents in the private rental sector in Vienna. Schnelzer, using qualitative methods, conducted interviews to study how displacement pressure affects tenants' routine activities, everyday economic tradeoffs, and coping strategies to describe tenants' agency in addressing displacement. The author thus presents a nuanced understanding of a housing affordability crisis in a welfare-state context to argue that the diverse needs of tenants must be acknowledged to fully address the problems they face. The author concludes with recommendations for policy, specifically to implement rent caps in the private rental sector and to provide tenants with the necessary information on Vienna's housing market and the availability of support services to help them to navigate complex institutional structures.

In the fourth article, Winters et al. study the Flanders region in Belgium to explain the problem of the undersupply of low-income housing in the region. Typically, the gap between supply and demand for low-income housing is attributed to a lack of funding. The authors explain, however, that this is not the case in Flanders, which is one of Europe's most prosperous regions. Flanders is also the largest of the three Belgian regions where the need for low-income housing has been well known to authorities for some time, and funds are available in the budget but have not been allocated in a timely manner to address the problem. The authors draw attention to a long waiting list for "social housing," even though addressing the housing needs of low-income households was prioritized in the Flemish Housing Decree of 1997. Winters et al. analyzed administrative data, surveyed stakeholders, and conducted group interviews with representatives of social housing associations and municipalities and concluded that the delay in the supply of social housing is due partly to the challenges of multi-level governance and not primarily to a lack of funding. These multi-level governance challenges involve local, regional, and national authorities, each with its own roles and policies and, combined with institutional and socioeconomic context of the region and the overall planning process, explain the gap between the supply and demand for social housing.

Bergmann et al., in the fifth article, study housing in the suburban areas of the Munich Metropolitan Region of Germany to explain homeowners' reluctance to allow their unused or underused privately owned housing to go for below-market rents to increase opportunities for more affordable housing. Through in-depth interviews, the authors explored the perspectives and experiences of private suburban owners (PSOs) regarding the rental use of unused housing space in the region, revealing the challenges of making these units available for affordable housing. Homeownership represents a major life accomplishment for PSOs, and they prioritize security, peace of mind, and maintaining control over their property, which they fear tenants might compromise. To mitigate these perceived risks, PSOs often prefer tenants within their social networks, often renting housing at below-market rates. The study concludes by emphasizing the need for local policies that can effectively link PSOs with reliable, lower-income housing seekers to help address the ongoing housing affordability crisis in the region.

In the last article of this issue, Bricocoli and Peverini focus on Milan, Italy, for which they examine the housing affordability trends through an in-depth and contextualized quantitative analysis of labor and housing markets from 2015 to 2022. They find that housing prices and rents have risen significantly faster than have incomes and wages during this time, particularly for blue- and white-collar workers. As a result, housing in the city is becoming increasingly unaffordable, and the growing disparity between housing costs and labor market wages is contributing to the displacement of low-income workers and limiting their access to housing in the city. The authors also found that the broader context of real estate commodification and financialization further

compounds the problem of housing unaffordability. The authors call for better integration of housing and labor policies.

3. Conclusion

Taken together, the six articles in this thematic issue reveal the impact of the housing affordability crisis across the cities and regions in five Western countries. The authors of each article articulate the challenges of addressing housing unaffordability and provide policy recommendations that are context sensitive. The broader implications of the housing affordability crisis in other cities and regions across the globe are likely to be similarly context sensitive and, as such, different from those included in this thematic issue. With this in mind, we invite scholars and professionals to engage in a deeper investigation of the challenges presented by the housing affordability crisis and to propose new ways to address this enduring problem.

Conflict of Interests

The authors declare no conflict of interests.

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Qi Song is a researcher who recently completed her PhD in Planning, Policy, and Design from the Department of Urban Planning and Public Policy at the University of California, Irvine. Her research focuses on transportation planning, land use policy, housing development, urban design, and sustainability. Her dissertation examined the impact of transit-oriented developments (TODs) on household location affordability over time, as well as the efficacy of local TOD policies in facilitating equitable development outcomes in Southern California.