



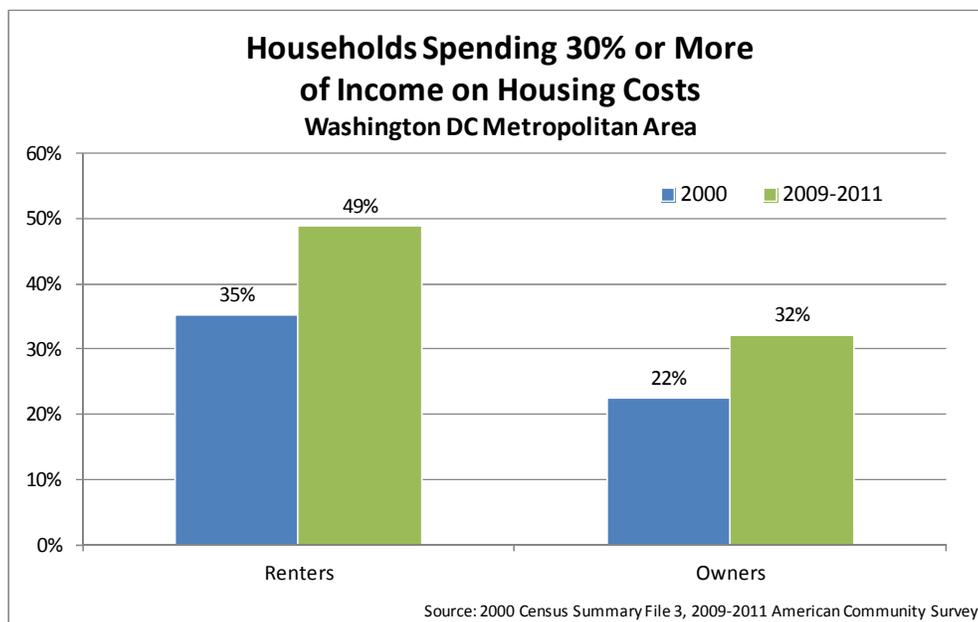
Update from the American Community Survey

Housing Affordability in the Washington DC Metropolitan Area

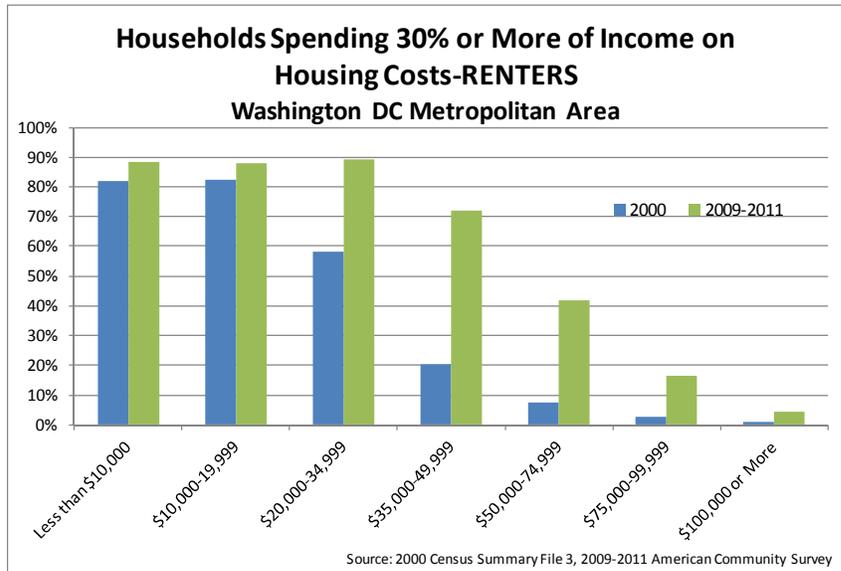
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Housing has become much less affordable in the Washington DC metropolitan area over the last decade. The housing bust and foreclosure crisis brought down prices of for-sale housing in the middle of last decade. But an early housing market recovery, coupled with upward pressure on rents and relatively slower wage growth, has led to growing affordability problems in the region. According to the Case-Shiller index, home prices in the Washington DC metropolitan area are nearly twice as high in 2013 as they were in 2000, despite the housing market downturn. Based on data from the U.S. Census Bureau, between 2000 and 2011, the median rent in the region increased by 70 percent. Over the same period, the region's median household income increased by just 41 percent and average wages were up by just 44 percent.

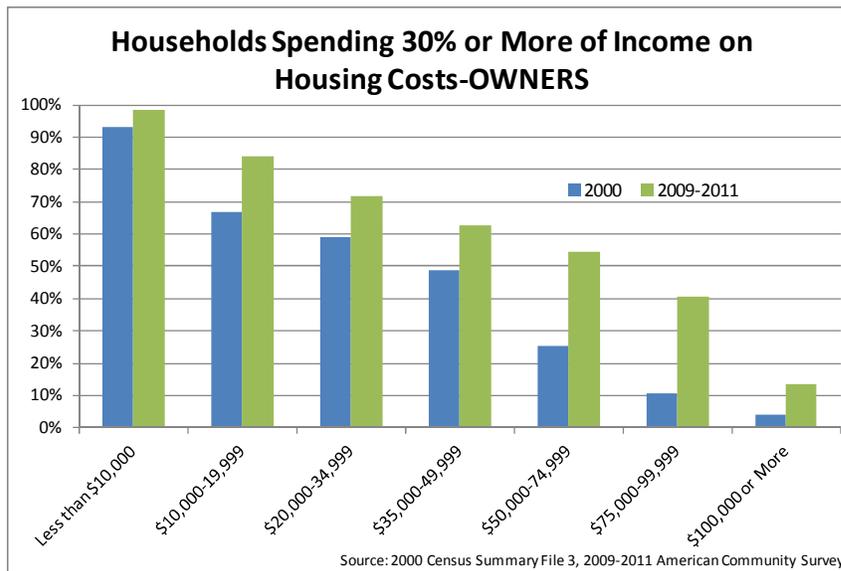
In the period following the economic downturn (2009-2011), nearly half of renters and a third of homeowners in the Washington DC metropolitan area spent 30 percent or more of their income on housing costs. (A household is generally considered "housing cost burdened" if it spends 30 percent or more of its gross income on housing costs.) This represents a substantial increase over 2000, when 35 percent of renters and 22 percent of homeowners were cost burdened.



Renters and low-income households are significantly more likely to be cost burdened. Nearly 90 percent of renters with household incomes below \$35,000 spend 30 percent or more of their income on rent. However, housing affordability is a growing problem for the region's moderate- and higher-income households. (The median household income in 2009-2011 in the Washington DC metropolitan area was \$87,653.)



For example, in 2000, about 21 percent of renters with household incomes between \$35,000 and \$49,999 paid more than 30 percent of their income on rent. Over the 2009-2011 period, the share had more than tripled to 72 percent. Among renters with household incomes between \$50,000 and \$74,999, the share that was cost burdened grew from seven percent in 2000 to more than 40 percent in 2009-2011. And among renters with incomes between \$75,000 and \$99,999, the cost burdened share rose from three percent to 16 percent over the decade.



The trends were similar among homeowners. In 2000, about 25 percent of homeowners with incomes between \$50,000 and \$74,999 spent 30 percent or more of their income on housing costs. During the 2009-2011 period, the share had risen to 54 percent. Among households with incomes between \$75,000 and \$99,999, the share that was cost burdened increased from 11 percent in 2000 to 41 percent in 2009-2011. Even homeowners with household incomes of \$100,000 or more were much more likely to be paying more than 30 percent or more of their income on housing costs in recent years—four percent versus 13 percent. (These figures include homeowners with and without a mortgage.)

While renters are more likely to be cost burdened across the region, the level of housing affordability varies from jurisdiction-to-jurisdiction as a result of differences in housing costs and resident incomes. More than half of renters pay 30 percent or more of their household income in the District of Columbia, Montgomery County, Prince George's County, Prince William County and Spotsylvania County. Renter

Households Spending 30% or More of Income on Housing Costs (%)
 Selected Jurisdictions in the Washington DC Metropolitan Area
 2009-2011

Jurisdiction	Renters	Owners
District of Columbia	50.0	32.0
Suburban Maryland		
Frederick County	48.2	29.5
Montgomery County	51.7	32.0
Prince George's County	51.9	42.5
Northern Virginia		
City of Alexandria	43.7	26.6
Arlington County	39.0	25.3
Fairfax County	45.5	27.7
Loudoun County	45.2	33.4
Prince William County	50.6	31.9
Spotsylvania County	51.4	28.9
Stafford County	47.1	30.4

Source: 2009-2011 American Community Survey

burden is lower in the City of Alexandria and Arlington County, localities with relatively high housing costs but also relatively high household incomes.

These housing affordability measures take into account only housing-related costs, and do not consider commuting costs. Transportation is the second biggest expense for households after housing. Some localities with a relatively lower share of cost-burdened households are also further from employment centers. For example, compared to the region, the housing cost burden among homeowners is lower in Stafford and Spotsylvania counties in Northern Virginia and Frederick County in Maryland. However, workers in these jurisdictions have longer commutes and spend more on transportation. The Center for Neighborhood Technology published a report on the combined costs of housing and transportation in the Washington DC metropolitan area (htaindex.cnt.org) which highlights the importance of commuting costs to measuring housing affordability.

Growing affordability problems in the Washington DC metropolitan area is a concern for local governments and housing advocates. The issue of housing affordability is also closely tied to regional transportation needs and is a potential challenge to economic growth in the region.

GMU Center for Regional Analysis

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The Center for Regional Analysis has become the “go-to” organization for economic, demographic and housing data and analysis within the Washington and Baltimore regions and is cited locally and nationally as the source of information for the media, research scholars, and investors interested in understanding the Washington area’s economy. The Center posts research reports, presentations, data and other information its website (policy-cra.gmu.edu)

Updates from the 2010 Census and the American Community Survey

The Center for Regional Analysis issue periodic reports on demographic and economic topics based on newly released data from the 2010 Census and the American Community Survey. The American Community Survey (ACS) is an ongoing survey that provides detailed data every year about states, metropolitan areas, counties and cities. More information about the 2010 Census and the ACS can be found at www.census.gov.