

## Theme - Livability

### Sub Theme - Cost of Living

#### Indicator - Affordability

Housing is a basic need. Ensuring that housing is affordable may correlate strongly with home ownership but neither of these are in absolute terms a basic necessity. The basic necessity is met with the supply of homes not with the cost. That said, it is a good policy for local governments to supply affordable homes. This helps to enhance the quality of life of citizens and to bolster their economic well-being, which ensures a more sustainable financial future (Blackburn, 2011). Housing affordability can be defined as relative, subjective, a product of family budget, a ratio, or residual. This would explain the gamut of definitions of housing affordability, but spending less than 30% of income on housing (Ratio standard) has taken the fore as the definition of affordability in the U.S. (Stone, 2006).

The relationship between the Cost of Gasoline and Housing Costs is also used to measure Affordability in this study. These two price indicators are selected based on the theory that travel costs (including time) and affordability of housing are two of the primary factors which influence where people live in urban areas. In the study of Urban Economics, households will maximize their bid-rent capability by locating close to the jobs commensurate to their ability to afford housing in the area (Stegman, 1969). Housing will probably always be more affordable the farther one travels from the central city, but gasoline prices influence the affordability to travel increasingly longer distances from the city. When comparing cities in the country with more than 250,000 people, Houston ranks 26<sup>th</sup> for affordability, with 46% of income going to housing and transportation costs. Philadelphia was first with 33%; New York was 4<sup>th</sup> with 37%; Chicago was 14<sup>th</sup> with 42%; and Los Angeles was 51<sup>st</sup> with 52% of income going to housing and transportation cost (Center for Neighborhood Technology, 2010).

**Sustainability Benefit:** On average, Houston is not affected by housing value decreases at the same rate as the rest of the country. Real estate prices are relatively stable.

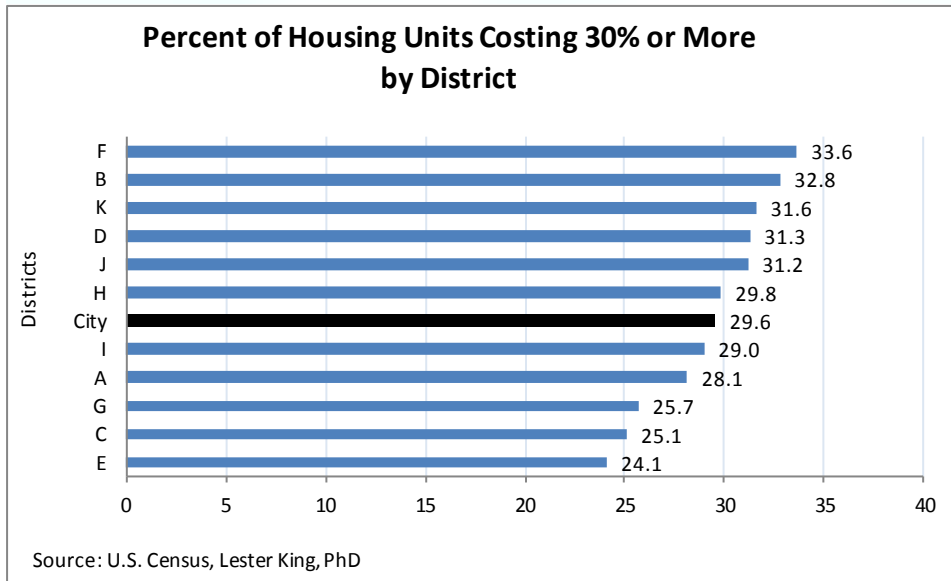
**Sustainability Issue:** More people are spending more than 30% of their income on housing.

**The following metrics are used to measure the indicator *Affordability*:**

Figure 17: Housing Affordability

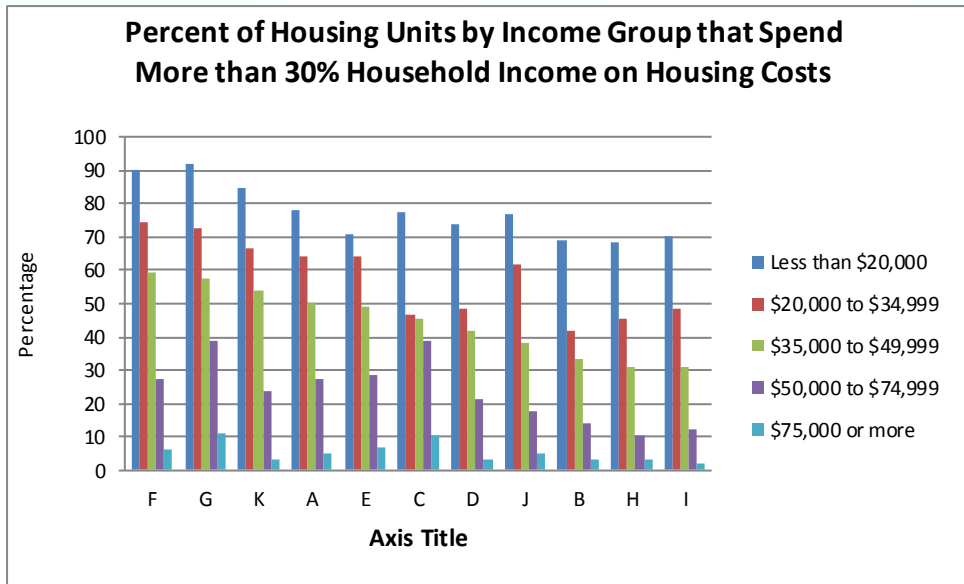
Figure 18: Housing Affordability by Cost Quintiles





**Figure 17: Housing Affordability**

- The percentage of housing units in Houston where tenants spent more than 30% of their incomes on housing costs increased almost 50% in 2010 from 1990 and 2000 levels, which were relatively similar in percentage. In 2010, 30% or 104,140 housing units cost tenants more than 30 percent of their incomes.
- Within each district in Houston, at least 24% of housing units spend more than 30% of their incomes on housing costs.
- The highest percentage of units are in District F – 33.6% and the lowest percentage is in District E – 24.1%.



**Figure 18: Housing Affordability by Cost Quintiles**

The above figure shows that among people in Houston, who earn in the median income bracket (\$35,000-\$49,999), the range among districts for those who have to spend more than 30% of their incomes on housing costs is from 60% in District F to 31% in District I.

