



Ind. Project: Design Research

# The Unaffordability of Affordable Housing

Redefining Affordability and Quality Housing in  
Major Cities



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# Background

According to an article in the Washington Post published in March 2019, Washington, DC has experienced the greatest “intensity” of urban redevelopment with 40% of the cities lower-income neighborhoods being highest impacted. While the city ranks 1<sup>st</sup> in terms of intensity, it ranks third behind New York City and Los Angeles for highest number of neighborhoods impacted by urban redevelopment. While urban redevelopment means economic growth and investment into once dilapidated areas of the city, the issue arises when current residents and even/ or prospective residents can no longer afford to live in the area. According to RentCafe, the cheapest area in the city, Benning Heights – an area of Washington DC with a high crime rate<sup>1</sup>, is averaging rental rates of \$1200/mo.

“I think it’s clear today that there’s no evidence that the United States has been firmly committed to fair housing,”

- Greg Squires,  
*professor of sociology and public policy and administration at George Washington University.*

The city of Los Angeles, for example, has a very complicated housing crisis on their hands when addressing the impacts of urban redevelopment. With a need for both more housing as homelessness continues to increase and more affordable housing, Los Angeles continues to fall behind in making strides in both areas. As a result, “...affordability becomes more problematic, people ‘overpay’ for housing, ‘over-commute’ by driving long distances between home and work, and ‘overcrowd’ by sharing space to the point that quality of life is severely impacted. (Hiltzik, 2018). According to the CoStar Group, a provider of data and analytics for the multifamily and commercial real estate industry, the average one bedroom in Los Angeles rents for \$1,707. Increasing 2.2% over the past year.

In both cities, the current need for affordable housing did not happen overnight but has been decades in the making. The history of the Washington, DC housing market is rooted in the segregation and redlining of the 1940s as seen in the racial covenants that prevented people of certain ethnicities and religions to live in certain areas of the cities and the riots of 1968. The riots that took over the city following the death of civil rights activist, Dr. Martin Luther King, Jr., left many parts of the city in shambles until the 2000s. “The city sustained an estimated \$27 million

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<sup>1</sup>The Benning Heights area of Washington, DC has an overall crime index score of 1.8, which is almost twice the national average crime rate. (Benning Heights Washington, DC Overview, n.d.)

## Background

in damage, which equates to about \$193.4 million in 2018 dollars.” (Hansen, 2018) Many of those areas became home to your lower income residents and business owners stayed away. While the redevelopment was needed for the city, the balance between redevelopment and maintaining affordable housing is now a key topic of discussion. “The city is bringing in a lot of housing that is outside of the amount of money that most people can . . . afford.” Sanchez, who grew up outside Dallas, earns \$75,000 a year at a nonprofit but says he finds it “virtually impossible” to afford to buy a house in the District. Instead, he rents an apartment where water pressure is poor and the lights sometimes break, but at least the rent is low — \$900 a month — by D.C. standards.” (Clement & Chason, 2017)

The city of Los Angeles is fighting against itself as it seeks to find solutions to keep landlords involved in their Affordable Housing Program. As many landlords are coming to the end of their affordable housing contracts. “Affordable units usually only stay affordable for 30 or 55 years. Housing developers agree to make units affordable—capping the amount of revenue they can generate—in exchange for special financing or the right to bend local zoning rules in their favor.” (Chandler, 2019) . As a result, the Los Angeles affordable housing market is dwindling at a rapid rate. “2,205 affordable units had turned to market rate from 2012 to 2016.” (Chandler, 2019)

In both cities, the issue of affordable housing crosses all racial demographics and impacts both low to middle class as the idea of a middle class gradually fades. As coastline cities continue to experience the most growth, the basis of this research is to explore the economic impacts of urban redevelopment in major cities – with a focus on Los Angeles and Washington, DC, to identify how it is impacting the housing industry in those targeted major cities, analyze how the housing markets are being priced, explore innovations in the co-living sector and it’s feasibility for being a widespread solution and opportunities for innovations.

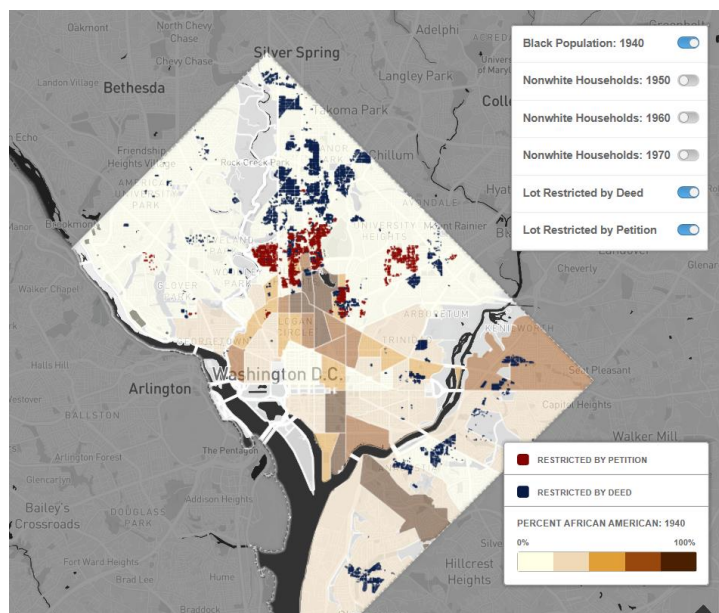


Image 1: Shows the Restrictive Housing of the 1940s in Washington, DC  
 Source: Sani, C. S. (2018, November 15). A mapping project shows how racial discrimination in housing persist in DC. Retrieved from Greater Greater Washington

# Primary Research

## Primary Research Objectives

1. Discover how urban redevelopment is impacting the housing markets in targeted major cities?
  - A. What demographics are most impacted?
2. How are innovations in the housing market combating the affordable housing crisis?
  - A. What are the key needs being encompassed in these living environments
3. How is affordable housing being redefined? What does that look like?

Methodology	External Resources
<p><b>1:1 In-depth Interviews</b>            1:1's via person, phone, or video call – with external resources– intended to elicit information and stories relevant to our research objectives.</p>	<ul style="list-style-type: none"> <li>• Architects &amp; Real Estate Developers</li> <li>• Realtors &amp; Real Estate Investors</li> <li>• Leasing Agents</li> <li>• Renters</li> <li>• Local &amp; Federal government officials</li> </ul>
<p><b>Field Studies/ Observations</b>            Observe multiple co-living complexes and their approach to affordable, quality housing.</p>	
<p><b>Field Studies/ Observations</b>            Attend a local level governmental meeting discussing the housing crisis.</p>	

## The Squeeze to Stay in the Middle

As the issue of affordable housing continues to cross socioeconomic borders, the conversation of economic class comes into the conversation. Over the past few years, there has been constant debate on if the Middle Class is physically shrinking and the socioeconomic class shift. “Between 1971 and 2011, the share of adults in the middle class fell by 10%- but since 2011...the middle class has remained relatively stable. Pew defines the middle class as those whose annual household income is two-thirds to double the national median, which was \$57, 617 as of 2016.” (Martin, 2018) Another report from the Federal Reserve Board’s Survey of Consumer Finances, said the median income of US families increased 10% between 2013 – 2016. Even with all the previously mentioned positives and the current lower unemployment rates, things are still not aligning for many within the middle to lower class.

The issue can be found in the average wages for those in non-supervisory positions across

the US, when compared to ever the increasing cost of housing, health insurance, and education. “For non-supervisors, average hourly earnings hit nearly \$23 in November—a fact that, according to data from the Pew Research Center, gives today’s workers slightly less purchasing power than those in January 1973, once inflation is factored in (\$23.68 in 2018 dollars).” (Fortune Staff, 2018). As today’s millennials and the following Gen-Y, many are starting off in student loan debt only to relocate to expensive major cities in search of employment. While the long-term prospects of them making good salaries are high, their financial foundations are unstable as they balance paying inflated rental cost, paying down student loan debt, and more.

Even considering the baby boomer generation which is nearing retirement. They are having to balance the increasing cost of living against stagnate or slower increasing salaries. “The cost of health insurance and medical care have each risen much faster than paychecks have.” (Fortune Staff, 2018) With many families having more credit card debt, many are not able to save as much as they should. “NerdWallet reported that average revolving credit card balances for households with debt—the “You Owe This Amount” figure that carries over from one billing statement to the next—totaled \$6,929.” (Fortune Staff, 2018)

## Secondary Research

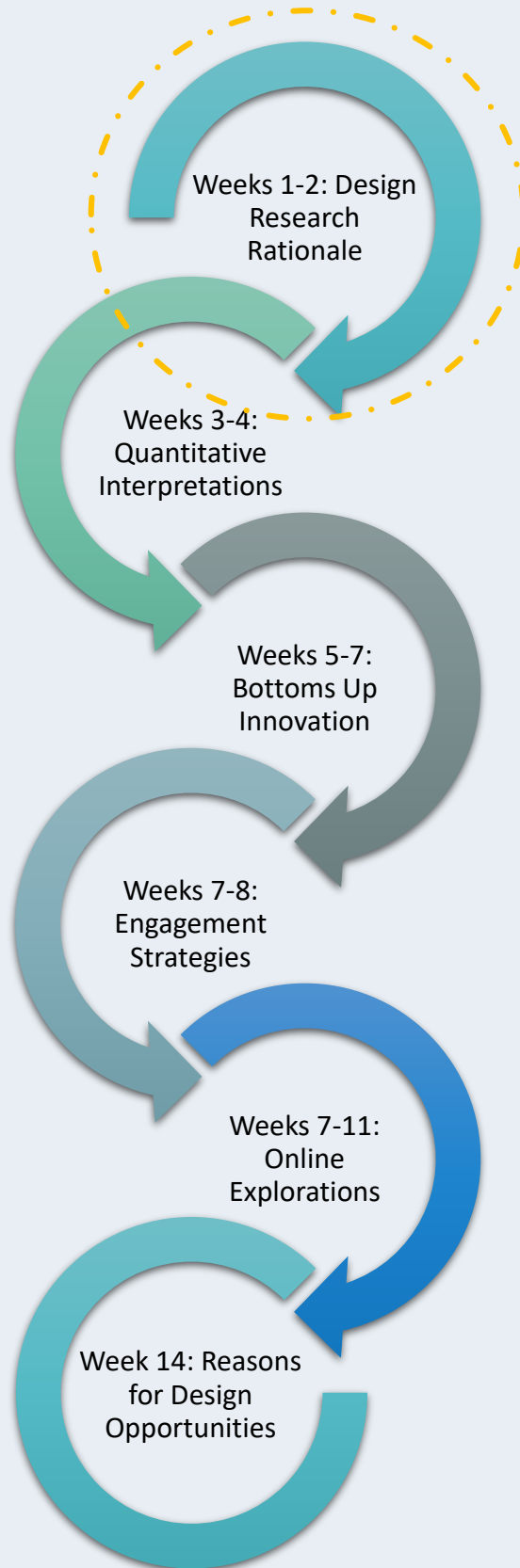
### Secondary Research Objectives

1. Define affordable housing? Define quality housing?
  - A. How are those definitions being redefined?
    - How are the new definitions impacting family structures?
2. Understand the current housing market in targeted major cities.
  - A. The demographic/socioeconomic breakdowns (race, age, education, income, etc.)
  - B. Who is most negatively impacted?
  - C. How are transient millennials impacting the housing market in targeted major cities?
  - D. What are the drivers dictating the rental prices?
3. Explore the history of the housing market in targeted major cities that has led to its current state.
4. How do we balance economic growth and affordable housing?
5. What is co-living?
  - A. Is this idea feasible for more widespread implementation in other major cities?
  - B. At what scale does this not work?
6. What regulations or zoning requirements shape the way housing is being developed or not being developed?
  1. What are the incentives?
  2. How does the incentive structure need to be revised to keep landlords enrolled in the affordable housing program?
7. Explore alternative construction techniques to assist in cutting costs when compared to conventional construction techniques.

# Secondary Research

Methodology	Resources <i>(list will be expanded throughout the research process)</i>
Literature Reviews	<ul style="list-style-type: none"> <li>• Washington Business Journal</li> <li>• The Washington Post</li> <li>• LA Times</li> <li>• LA Curbed</li> <li>• DC Curbed</li> <li>• Various University Journals</li> <li>• And more...</li> </ul>
Media/ Social Media/ Rental Apps	<ul style="list-style-type: none"> <li>• Co-Star Group</li> <li>• Apartment List</li> <li>• Apartments.com</li> <li>• Hotpads</li> <li>• Trulia</li> <li>• Zillow</li> <li>• YouTube</li> <li>• Facebook</li> <li>• Twitter</li> </ul>
Government and Housing Agency Websites	<ul style="list-style-type: none"> <li>• HUD</li> <li>• Los Angeles Housing &amp; Community Investment Department</li> <li>• Housing Authority City of Los Angeles</li> <li>• National Fair Housing Alliance</li> <li>• And more...</li> </ul>
Realtor Websites	<ul style="list-style-type: none"> <li>• Keller Williams</li> <li>• Weichert</li> <li>• Exit Realty</li> <li>• Long &amp; Foster</li> <li>• And more...</li> </ul>

# Research Timeline



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*What happens when LA's affordable housing contracts expire?* (2015, August 3). Retrieved from SCPR: <https://www.scpr.org/news/2015/08/03/53498/affordable-housing-disappearing-as-contracts-expir/>