



CONSEQUENCES • HOUSING

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FUTURE TRENDS: HOUSING FOR ALICE FAMILIES

The cost of small and lower-cost housing will continue to increase in many markets, adding pressure to ALICE households.⁵⁴ Projections also show that the housing burden for low- and middle-income households will become significantly worse over the next 10 years. Households that are severely rent burdened, meaning their rent makes up more than 50 percent of their income, will grow by at least 11 percent, to 13.1 million in 2025.⁵⁵

Geography, economics, and, in some places, zoning laws limit the potential for new small or low-cost units to be built in economically prosperous areas (primarily metropolitan areas), where ALICE workers' jobs are often located. For this reason, long-distance commuting will be part of life for more ALICE families in the coming years.⁵⁶

Availability of affordable housing will decrease as many of these units are vulnerable to disasters and redevelopment. The impact of natural and human-made disasters is felt more by ALICE and low-income communities nationwide, in part because affordable homes tend to be located in vulnerable areas. With an increase in extreme weather, more units will be affected and many ALICE families will not be able to fully repair them, or will see increased rent as landlords pass along repair costs.⁵⁷

As housing units age, especially low-cost houses and apartment buildings, they are more likely to be torn down. Nationally, 5.6 percent of the rental stock was demolished between 2001 and 2011, but the loss of units with rent under \$400 per month (i.e., those most affordable for ALICE households) was more than twice as high, at 12.8 percent.⁵⁸

Millennials and seniors will drive demand for more low-cost homes and rental units. Young workers are delaying buying their own homes, choosing to rent smaller units instead. At the same time, with the population aging, more seniors are downsizing their homes and moving to smaller units or eldercare.⁵⁹ Many of these households are ALICE, and as demand grows, prices will increase, making it more difficult for ALICE to afford housing over time.

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