

Unlocking Housing Opportunities for Middle-Income Renters

For the first time in decades, housing affordability is a headline issue as homeownership has become prohibitively expensive and more middle-income households are required to rent for longer, particularly in large cities. Recent [data](#) from the Joint Center for Housing Studies at Harvard University sheds light on the challenges faced by this growing population of Missing Middle renters who have good incomes but are nonetheless priced out of high quality housing and neighborhoods.

- **Growing Number of Middle-Income Renters:** There are now more than 14 million middle-income renters in the US. In fact, households earning more than \$75,000 make up the fastest-growing segment of renters. This increase is driven in part by the fact that the median U.S. home-sale price has more than doubled since 2012, making it challenging for renters to save for down payments or afford monthly mortgage payments.
- **Struggles to Make Ends Meet:** Middle-income renters are grappling with financial burdens when it comes to housing costs. Median rents have risen ten times faster than median incomes since 2001 and approximately one-third of middle-income renters (~five million households) are now rent cost-burdened, defined as those spending more than 30% of their income on housing. Middle-income renters are spending a median of \$330 per month (\$3,960 per year) more than they can afford on rent.
- **Widespread Challenges:** The challenges faced by middle-income renters cut across various demographics. Among cost-burdened middle-income renters, 41% have college degrees, 28% are married, and 26% have children. These statistics highlight the wide-ranging impact of housing affordability on different segments of society.

In the long run, communities must build more housing to increase supply and lower costs. That process will take many years. Until then, one of the most efficient, less expensive and most impactful ways to increase affordability for middle-income renters right now is to invest in existing, well-located, and high quality Naturally Occurring Affordable Housing (NOAH) with a commitment to maintain its affordability.

- **Conserving Affordable Rental Housing:** The vast majority of rental housing that is affordable for middle-income renters is privately owned and unsubsidized. These Naturally Occurring Affordable Housing (NOAH) properties are often more than 20 years old, with rents that are lower than the regional average. Moreover, a significant number of NOAH properties are located in high impact neighborhoods, which are characterized by their access to quality schools, safe environments, low poverty rates, and amenities that contribute to a higher quality of life. Research has shown that living in high impact neighborhoods can deliver significant economic benefits to residents.
- **Cost-Effective & Time-Sensitive:** The acquisition of NOAH properties typically costs about one-half to two-thirds as much as constructing new units. These cost savings can be redirected to other critical needs, such as providing services and support for lower income households. However, the number of NOAH units is in decline, with over 100,000 units lost annually due to demolition, neglect, or conversion to luxury housing. As urban areas expand and household formation continues to grow, the conservation of NOAH properties in high impact neighborhoods is essential to help stabilize the cost of housing.
- **Financial & Social Returns:** Investing in NOAH properties not only benefits residents and helps keep essential workers in their communities, but also yields economic advantages for investors. Higher occupancy rates, lower tenant turnover, and enhanced resident satisfaction are just a few of the positive outcomes.

Safeguarding the affordability of existing, well-located, and high quality housing can have a significant positive impact on communities, affordability, upward mobility, long-term sustainability, and financial returns. Prioritizing investments in Naturally Occurring Affordable Housing is crucial to alleviate rent burdens for middle-income households and unlock access to opportunity for residents, communities and investors.