

## HOUSING AFFORDABILITY AND FEMALE SINGLE HOUSEHOLDS

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Housing affordability has gained a great deal of public attention in recent years. One reason for this increased attention is that millions of households can no longer afford housing and many Americans are paying more than 50% of their income for housing. Among households receiving no housing assistance, 77% of poor renters (3.3 million) and 54% of poor homeowners (2.2 million) devote more than half their incomes to housing (Apgar, DiPasquale, Cummings, & McArdle, 1991).

Generally, housing affordability problems are closely linked with high poverty rates. Each year the Census Bureau establishes the current poverty thresholds to reflect the amount of money individuals or families of various sizes and compositions need per year to purchase a basket of goods and services deemed as "minimally adequate." The 1992 poverty threshold for an individual living alone was set at an annual income of \$7,141 (U.S. Dept. Commerce [USDC], 1992b). In 1989, 12.8% of all Americans lived in poverty. In 1990, the poverty rate rose to 13.5%, leaving nearly 1 in 7 Americans poor. Female householders, no husband present, headed 53.0% of the families living below the poverty level in 1990. In comparison, male householders, no wife present, headed only 5% of the households in poverty (USDC, 1992a).

Affordability of housing is also closely linked to household income. Certain groups, such as Blacks, Hispanics, and women, are more likely to earn lower incomes. Of the 6.3 million hourly and salaried workers who earned minimum wage or less in 1987, nearly two-thirds (63%) were women (Shapiro, 1988). Even when educational levels and occupations are the same, women earn less than men. According to the U.S. Department of Labor, women's earnings are 69% of men's earnings when the educational levels are the same. For occupations that are nontraditional, national totals indicate that women's earnings are only 80% of men's earnings (U.S. Department of Labor, 1990).

Due to these economic constraints, it is likely that many single female households will find it difficult to afford a decent place to live. To investigate whether single female households pay a higher percentage of income for housing than single male households and married households, data from the 1989 American Housing Survey (AHS) were analyzed. The purpose of this exploratory study was to examine relationships between housing affordability (percent of income spent on housing) and specific household structures (single males, single females, and married households).

### **Procedures**

The 1989 AHS raw data were obtained from the U.S. Bureau of the Census on CD-ROM. The sample included households in over 394 sample areas drawn from 878 counties and independent cities, including 50 states, and the District of Columbia. For this study, the subsample included households containing a reference person living in an occupied unit, resulting in a total sample size of 45,772 households. A housing unit was classified as occupied if a person or group of persons was living in it at the time of the interview. The reference person was the owner or renter of the housing unit at the time of the interview.

### *Variables*

The reference person's marital status was used to categorize households into single and married household structures. Single households were further subdivided into male or female and widowed, divorced/separated, or never married.

The percent of household income spent for housing was used to define housing affordability. One standard used was the traditional standard of 30%. Since 1981, households have been required to pay 30% of income for housing to be eligible for subsidies. As a result, 30% of income for housing has become a defacto standard of affordability. More recently, a growing number of households are spending more than half of their incomes on housing (Dolbeare, 1989). Therefore, the two standards used in this study were 30% and 50%.

The researcher then weighted the sample to represent the United States population. The weighted sample consisted of 93.6 million

households. For accuracy, the investigator compared the weighted frequencies used in this analysis with the weighted frequencies published by the Bureau of the Census to confirm that they were similar (USDC & U.S. Dept. of Housing and Urban Development, 1991).

### *Sample Demographics*

Sixty-seven percent of the reference persons were males and 33% were females. Fifty-six percent were married, 12% widowed, 17% divorced or separated, and 15% never married. Seven percent earned under \$5,000 per year, 11% earned \$5,000 to \$9,999 per year, 10% earned \$10,000 to \$14,999 per year, 9% earned \$15,000 to 19,999 per year, 19% earned \$20,000 to \$29,999 per year, 23% earned \$30,000 to \$49,999 per year, and 21% earned more than \$50,000 per year.

### *Analysis*

The investigator used cross-tabulations to examine the relationship between household structure and housing affordability. The percentage of gross income spent on housing was cross-tabulated with married households and single households. Single households were further subdivided into male or female and widowed, divorced/separated, or never married. The chi-square statistic was used to determine if there were significant relationships between the two variables; the relationships reported here were significant at the .0001 level.

### **Findings and Discussion**

#### *Housing Cost Burden: Percent of Income Spent on Housing*

Of 93.6 million households, 69% paid less than 30% of their household income for housing, 25% (23.3 million) paid more than 30% of their income for housing, and 6% did not report. For households that paid over 30% of their income for housing, 10% paid more than one-half of their income for housing. Compared to 1987, it appears that housing affordability problems had increased by 1989. According to a hearing before the Subcommittee on Policy Research and Insurance, 21 million households (14 million renters and 7 million

owners) were spending more than 30% of their income on housing (Schusshem, 1989).

*More than 30%*

One in four households paid more than 30% of their income for housing. This is strong evidence that the high cost of housing relative to income is a critical problem for a significant number of U.S. households.

In comparing housing affordability by marital status and gender, single females were more likely than married households or single males to pay more than 30% of their income for housing (see Table 1). Divorced or separated and never married single females were more than twice as likely as married households to pay more than 30% of their income for housing. These findings suggest that single females (divorced, separated, or never married women), experience a greater housing cost burden than other groups.

*More than 50%*

One in 10 households paid more than 50% of their income for housing. It is difficult to understand how these families could meet other expenses while paying such a high proportion of their income for housing.

For these households, single females were more likely than married households or single males to pay more than 50% of their income for housing. The divorced or separated, never married, and widowed single females were more than twice as likely as married households to pay more than 50% of their income for housing. Furthermore, divorced or separated household females were more than twice as likely as divorced or separated males to pay more than 50% of their income for housing. It seems that single female households were at a greater risk of having a high housing cost burden. This finding is consistent with the results of other researchers who report that single females pay a high percentage of their income for housing. The Joint Center for Housing Studies at Harvard University (Apgar & Brown, 1988) found that high rent burdens distinctively plague single-parent families. From 1974 to 1987, median incomes of young single-parent renter households dropped sharply while rents rose steadily.

As a result, the rent burden for young, single-parent households increased from 34.9% to 58.4%.

Table 1. Housing Cost Burden for Household Types

<u>Household Type</u>	<u>More than 30%</u>	<u>More than 50%</u>
	<u>%</u>	<u>%</u>
Divorced/Separated		
Male	27	10
Female	45	21
Never Married		
Male	33	13
Female	43	21
Widowed		
Male	28	11
Female	36	16
Married	17	7

**Conclusions**

Affordability is a problem that affects households attempting to buy housing units, those living in purchased homes, those seeking a decent place to rent, and those simply attempting to escape homelessness. Any change or disruption in income could result in some of these households being unable to pay rent, mortgages, or utility bills. Results of this study suggest that single female households are more likely to have an affordability problem and that finding affordable housing may be far more difficult for them than for other groups.

## Implications for Consumer Educators

Results from this investigation provide consumer educators and other professionals with insight into issues related to housing affordability. When used in the classroom, these findings could enhance consumer programs concerning life decisions, housing, and financial management. Housing affordability problems can be caused by low incomes and/or high housing costs. When planning educational programs on this topic, consumer educators should identify examples of how these two variables interact to determine housing affordability.

Some important issues associated with housing affordability that could be utilized in the classroom include: (a) inequality, discrimination, and racism could be addressed by having students review national data on the wages, poverty levels, professions, and educational levels of different groups of Americans, and then report to the class regarding assumptions that might explain these differences; (b) the amount and percentage of income needed for housing, food, clothing, and health care could be addressed by having students read a case study of a family living on a poverty income, calculate two household budgets (one with 30% and one with 50% of the income spent on housing), and report the analysis to the class; and (c) consequences of life decisions could be simulated by having students participate in a role play of real life situations where households have made poor housing decisions. Some examples of poor housing decisions include: signing a one-year lease agreement for an apartment that is too expensive, moving into an apartment without documenting the condition of the apartment, or failing to calculate all the costs of a housing choice.

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