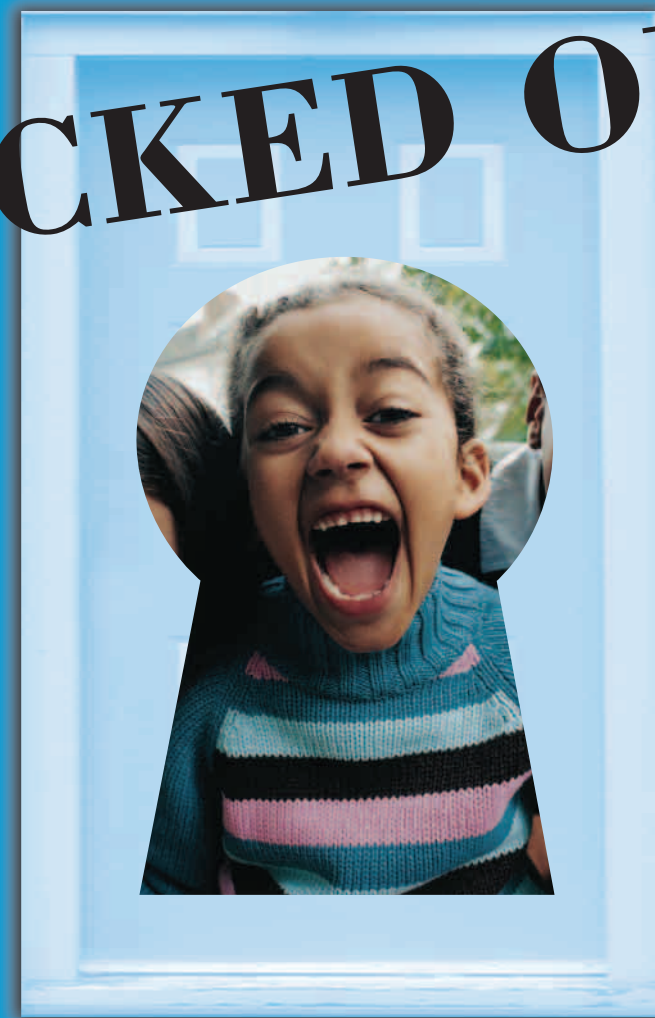


CENTER FOR HOUSING POLICY

MARCH 2006

**LOCKED OUT:**



Keys to Homeownership  
Elude Many Working Families with Children



## LOCKED OUT:



### Keys to Homeownership Elude Many Working Families with Children

By Barbara J. Lipman, Research Director, Center for Housing Policy

Based on research provided by Kathryn P. Nelson. Dr. Nelson's full report is available at [www.nhc.org](http://www.nhc.org).

With additional research by John Simonson.

Funding provided by the Chicago Dwellings Association.



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The Center for Housing Policy is the nonprofit research affiliate of the National Housing Conference (NHC) and combines state-of-the-art research with the insights and expertise of housing practitioners. The Center works to broaden understanding of America's affordable housing challenges and examines the impact of policies and programs developed to address these needs.

## ACKNOWLEDGEMENTS

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*The Center is grateful to Jack Goodman of Hartrey Associates for his helpful review of the research for this report and to Fouad Moumen for his expert computer programming assistance. The production management provided by our colleague Mary Cousins also is greatly appreciated.*

## Message from Ann B. Schnare, Chairman of the Board of Directors, Center for Housing Policy

According to the latest Census statistics, nearly 70 percent of Americans now own their homes—the highest homeownership rate on record. However, a closer look at the numbers over the last 25 years suggests that homeownership rates among Working Families with Children were actually lower in 2003 than they were in 1978 and that the share of America's children living in owner-occupied units has also declined.

In 1978, about 65 percent of all US households owned their homes. While the overall homeownership rate declined in the 1980s, it rebounded sharply by the 1990s, rising to 68 percent by 2001, and then increasing to its current high. In contrast, the homeownership rate of low- to moderate-income Working Families with Children (those with incomes between full-time minimum wage work and 120 percent of local area median income) has never fully recovered. In 1978, 62.5 percent of all such families owned their homes. As of 2001, their homeownership stood at just 56.7 percent. While their 2003 homeownership rate finally shows sign of a rebound, at 59.6 percent, it still is nearly three percentage points below the 1978 level. Had the 1978 homeowner rates prevailed in 2003, an additional 2.3 million children would be living in owner-occupied homes.

How did this happen? Much of the shift can be attributed to the increase in the share of Working Families with Children that are single parents or minorities—both are groups less likely to own. However, the changing composition of families does not tell the entire story. In many housing markets, the incomes of Working Families with Children—both single-income and dual-income—simply failed to keep pace with the rising costs of housing. Between 1978 and 2003, rising homeownership costs—mortgage payments, utilities, taxes and insurance—outpaced the income growth of Working Families with Children by more than 30 percent.

The “ownership society” policies of the last three administrations aimed to extend the opportunity of homeownership to low- to moderate-income households, especially minorities. Such initiatives

often are justified by citing the positive effects of homeownership on children. And, in fact, numerous studies have shown that children of homeowners are more likely to do well in school, less likely to have behavioral problems, and less likely to become pregnant as teenagers. Indeed, at least one study has found that the benefits of homeownership on children's educational attainment may be strongest for lower-income families.

Yet it is precisely these families who appear to be lagging behind. Minority homeownership rates among working families lag those of whites by more than 25 percentage points, and this disparity actually widened over the period of the study. Indeed, as this study shows, it is white working households and white and minority upper-income households without children who are experiencing the greatest homeownership gains. Meanwhile, homeownership rates have increased the least—and affordability problems have risen the most—among low-income minority families with children.

It is time to take a second look at existing policies designed to close the homeownership gap for lower-income and minority families. While not without risks, homeownership has important implications for the strength of our communities and the future well-being of the next generation. However, simply boosting the overall homeownership rate is an empty gesture unless Working Families with Children are fully participating in these gains in a way that is sustainable over time. As this report goes to press, the likely increase in interest rates, combined with the potential for defaults by families with “interest only” or other exotic mortgages, threaten to roll back the gains in homeownership that have been made over the past two years, particularly among working families. Together with the trends documented in this report, this suggests there is much work still to be done.

Finally, on behalf of the Center, I would like to thank the Chicago Dwellings Association, led by Center for Housing Policy Board member Chris Oliver, for funding this research.

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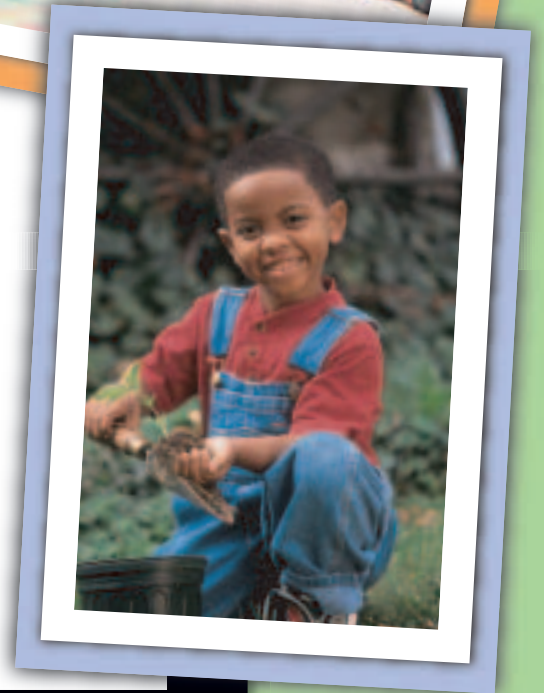
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OVERVIEW  
OF WORKING FAMILIES  
WITH CHILDREN 1978 – 2003

*Homeownership Rates are Up  
Between 2001 and 2003,  
but Still Below Their Pre-1980s Levels*



## Working Families with Children— Defined and Counted

### Definition

- Earn at least equivalent of full-time minimum wage (\$10,712) up to 120% of area median income.
- One or more children under age 18 in household.



11.9 Million  
**1978**

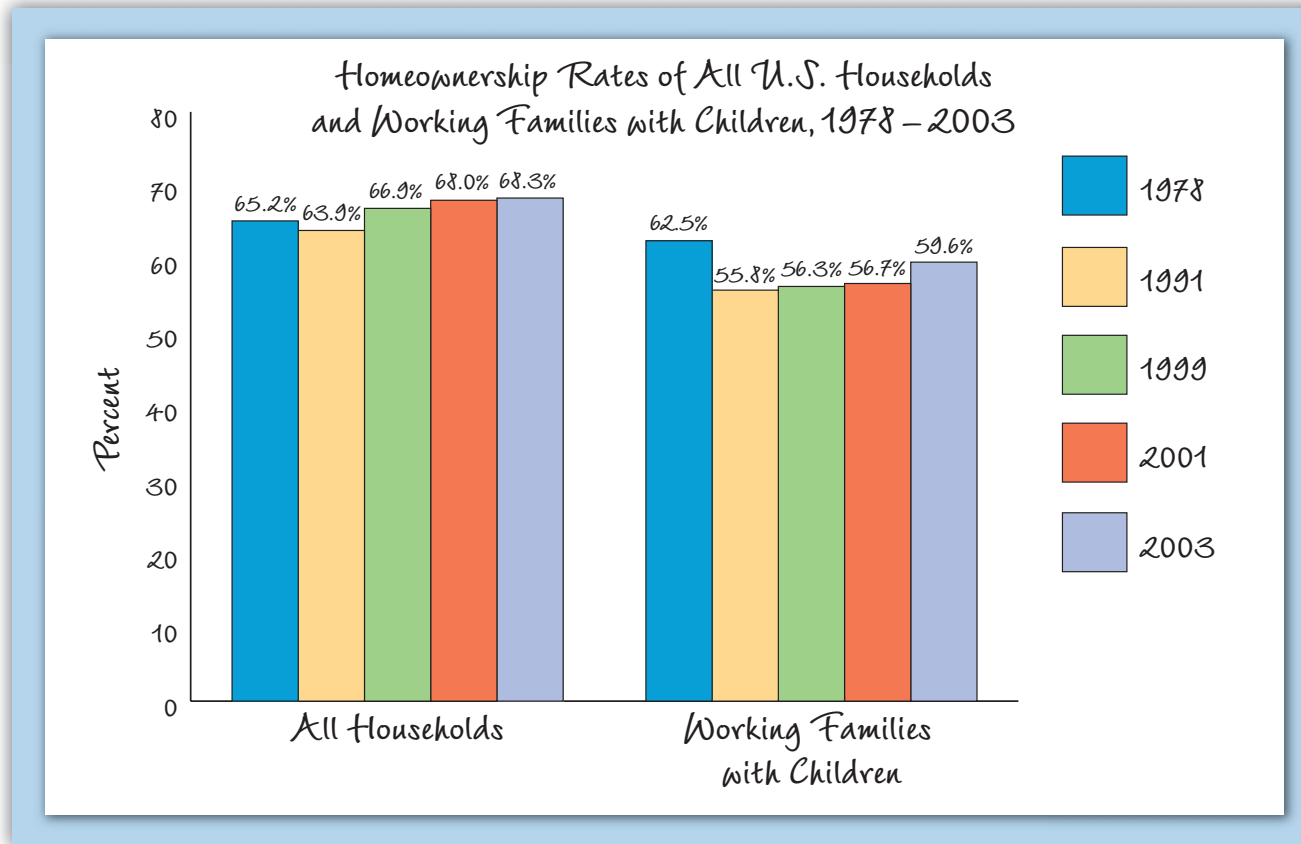


19.8 Million  
**2003**

The nearly 20 million Working Families with Children comprise more than half (52%) of all families with children and nearly one-in-five (19%) of all U.S. households.

See Table 1 in Appendix A.

## U.S. Homeownership Reaches Record High, but Working Families with Children Lag Behind

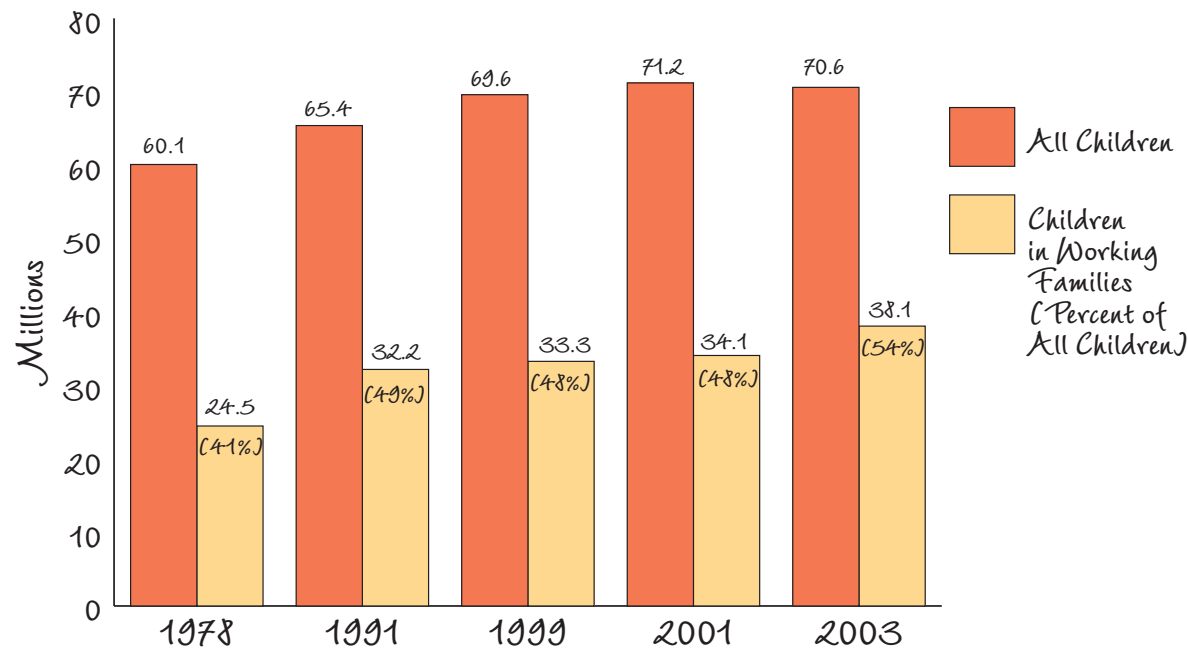


The homeownership rate of Working Families with Children in 2003 was 59.6 percent, 3 percentage points lower than it was prior to 1980 and 8.7 points below the 2003 national homeownership rate.

See Table 1 in Appendix A.

## The Share of Children Living in Working Families is Growing

Total Number of Children (in millions) by Household Type, 1978 – 2003

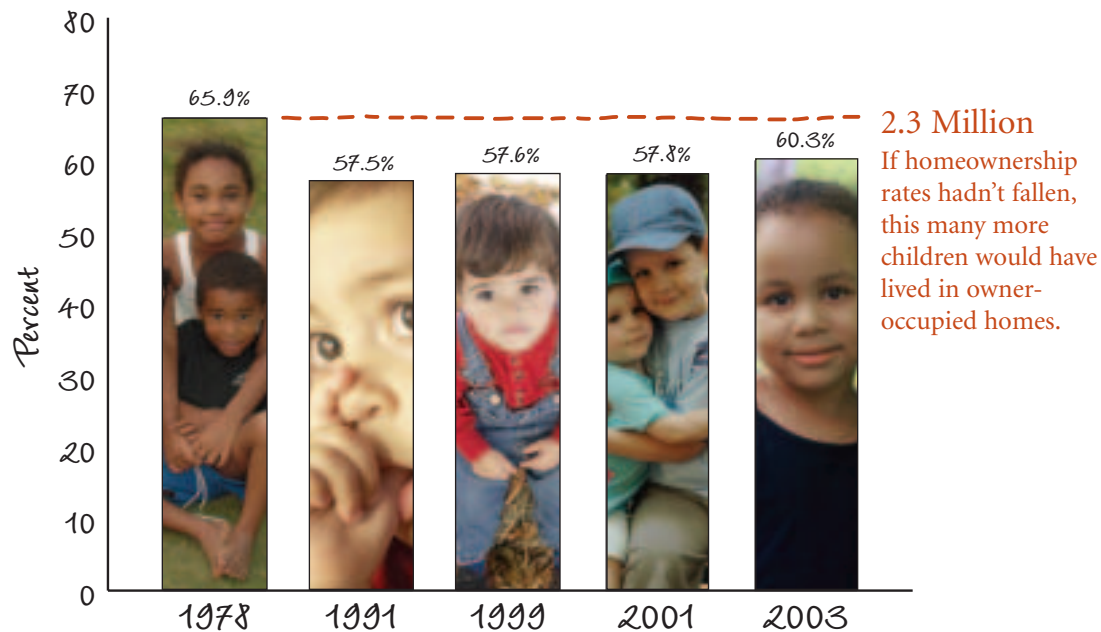


Both the number and share of children in working families have grown since 1978. Back then, children in working families accounted for 41 percent of the nation's 60 million children; by 2003, their share had risen to 54 percent of nearly 71 million children.

See Table 1 in Appendix A.

More Than 2 Million Additional Children  
Would Have Lived in Owned Homes  
Had Pre-1980s Homeownership Rates Prevailed

Percent of Children in Working Families in Owner-Occupied Homes, 1978 – 2003



In 1978, almost two-thirds of the children in working families lived in owner-occupied homes. That percentage declined to just over 57 percent and remained stagnant until 2003, when it ticked up slightly to 60 percent.

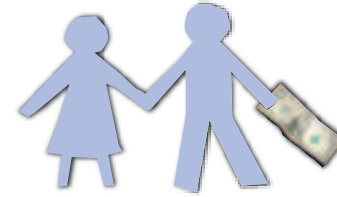
See Table 1 in Appendix A.

# Between 1978 and 2003, Homeownership

A. Are down for families with only one earner.



1978	60.4%
2003	54.6%



1978	62.3%
2003	62.6%

B. Are flat for small families and have declined for larger ones.



1 or 2 Children

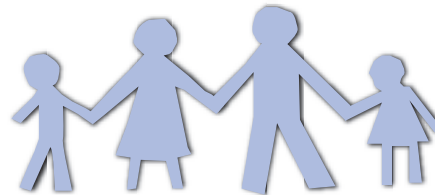
1978	59.2%
2003	59.2%



3+ Children

1978	70.8%
2003	60.5%

C. Remain much lower among single parents.



Couples with Children

1978	66.8%
2003	68.2%



Single Parent

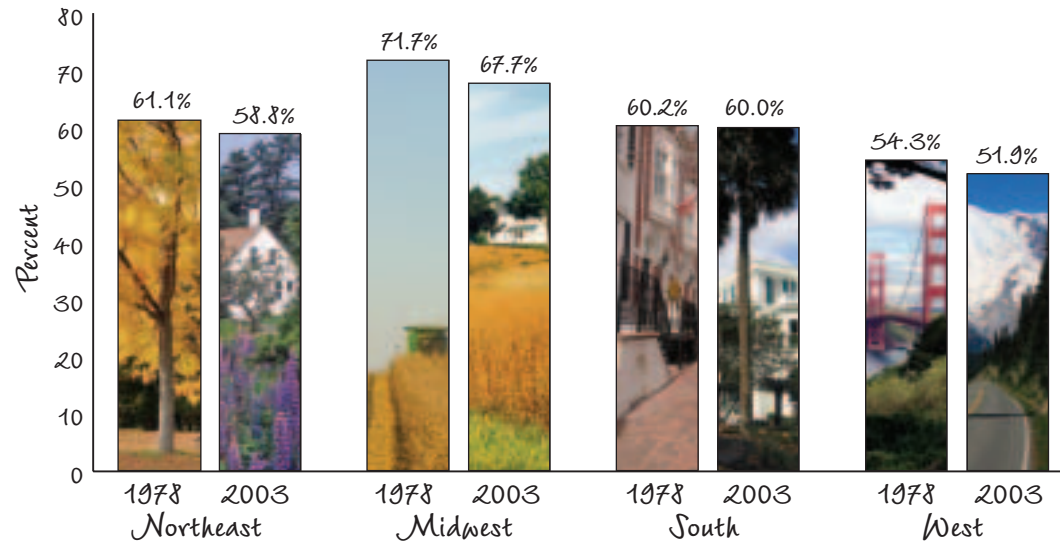
1978	42.0%
2003	44.2%



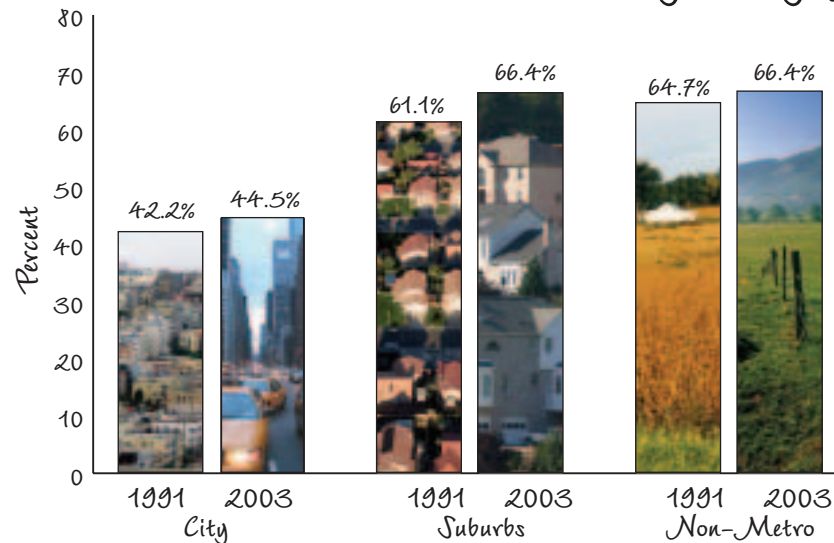


# Rates of Working Families with Children:

D. Are lowest in the West, but down the most in the Midwest.



E. Are lowest in the central cities and growing fastest in the suburbs.<sup>1</sup>

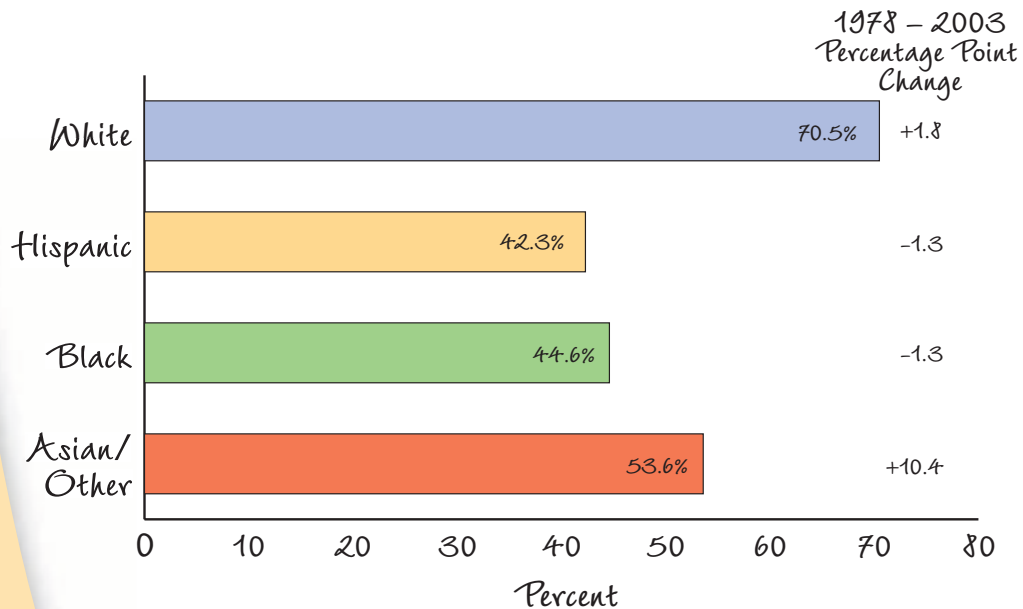


<sup>1</sup>Comparisons are for 1991 – 2003 because 1978 data are not strictly comparable.

See Table 3A in Appendix A.

## Large Homeownership Gaps Persist Between Whites and Other Races

Homeownership Rates of Working Families with Children By Race,\* 2003



Notes: All figures in the chart should be interpreted with caution. In 2003, data on race were collected differently from those of previous years. Additional analyses on pp. 12 - 17 of this report group together all Minority households for comparison to White households to maintain consistency.

Homeownership rates of Hispanic, Black and Asian/Other Working Families with Children trail that of Whites by considerable margins. The biggest gains in homeownership are among Asians/Other, up more than 10 percentage points over the period of the study.

\*White, Black and Asian/Other are Non-Hispanic. Hispanics may be of any race. Asian/Other includes Pacific Islanders, Aleuts and Native Americans.

See Table 3B in Appendix A.

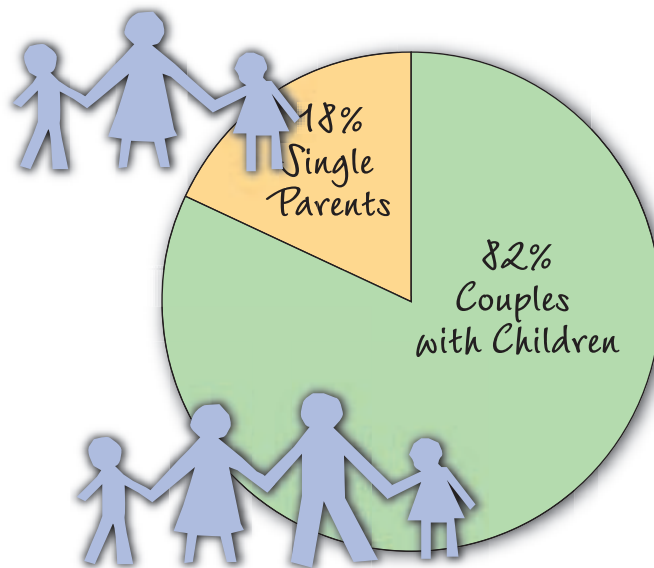
## UNDERLYING TREND #1 — CHANGING HOUSEHOLD COMPOSITION

*Single Parents and Minority Households  
Comprise Growing Shares of Working Families with Children*

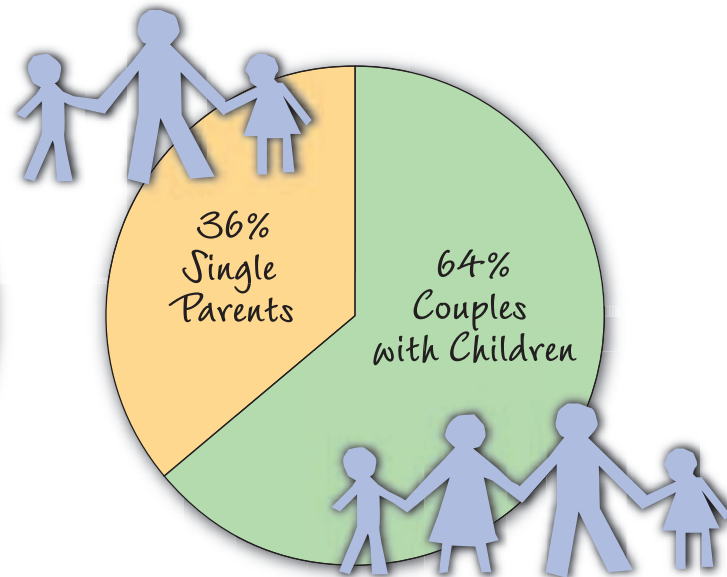


## The Share of One-Parent Households Among Working Families has Doubled

Working Families with Children  
in 1978



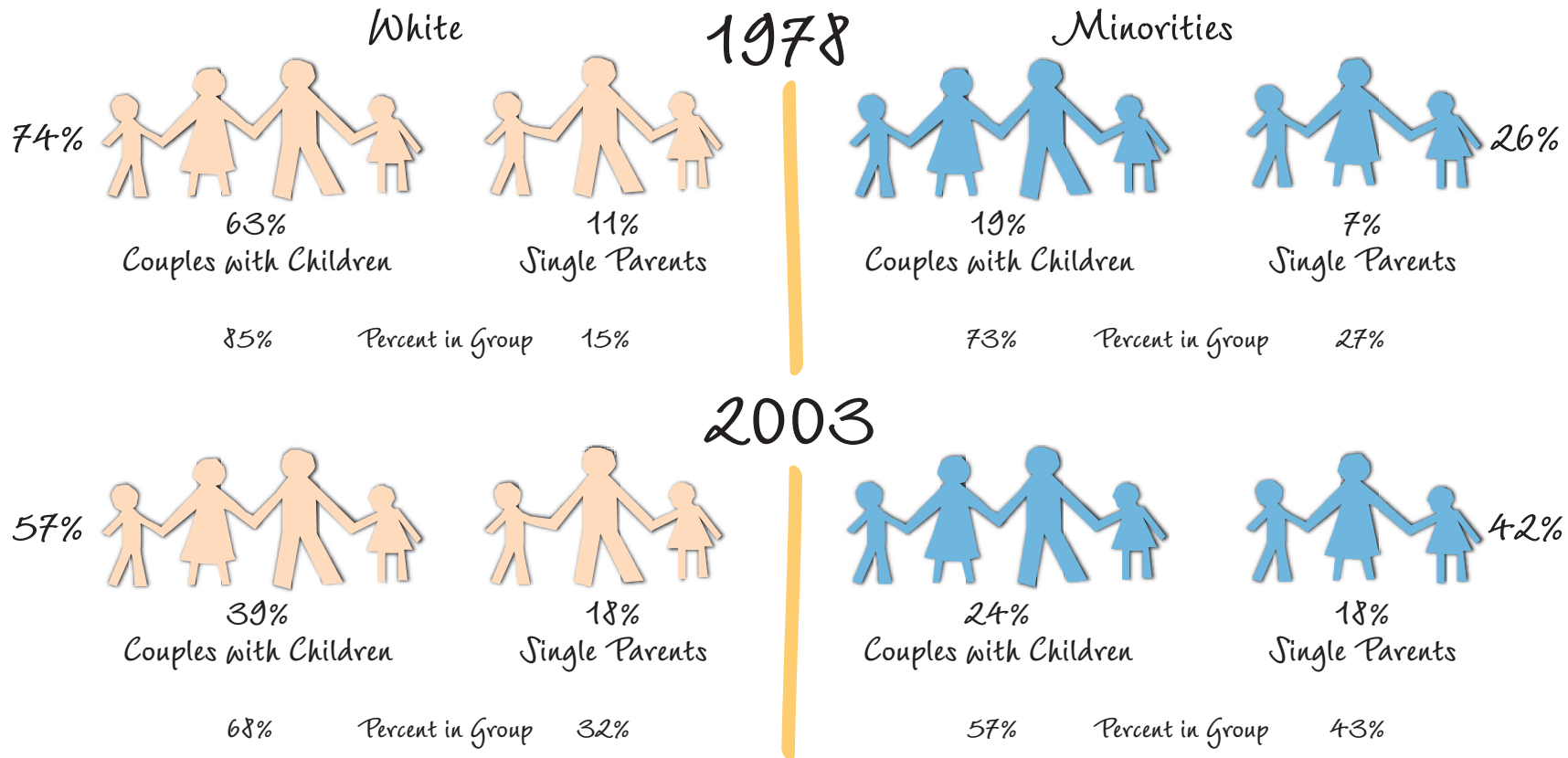
Working Families with Children  
in 2003



In 1978, only 18 percent of all Working Families with Children were single-parent households. By 2003, their share had doubled to 36 percent. Since single parents with children have relatively low homeownership rates, their growing share depresses the overall homeownership rate of Working Families with Children.

Derived from Table 6B in Appendix A.

# Minority Households Now Comprise 4 out of 10 Working Families with Children



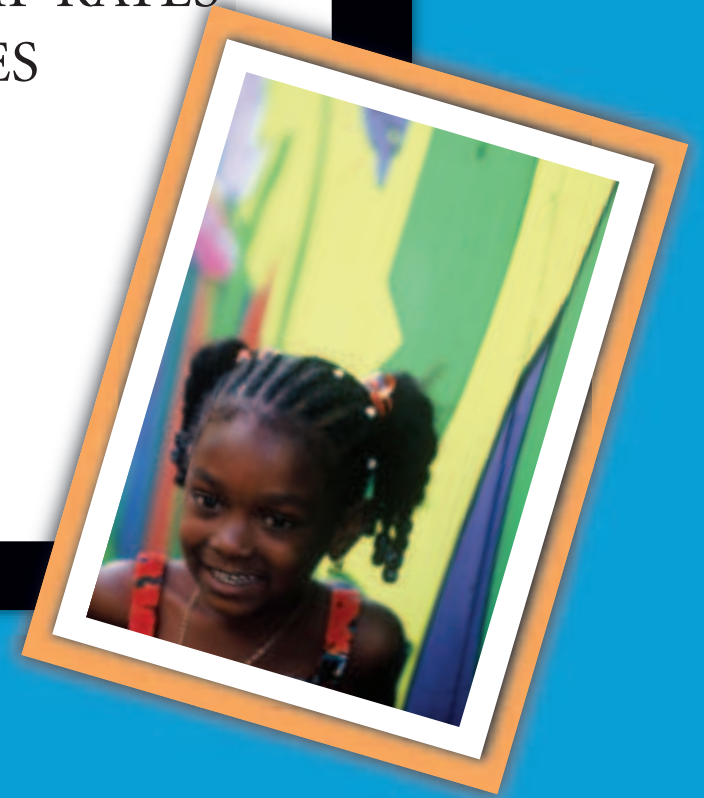
In 1978, about one-quarter of all Working Families with Children were minority households. By 2003, their share grew to 42 percent. Single-parent households now number 18 percent for both White households and Minority households, accounting for one-third of the former and 43% of the latter. Since Minorities have relatively low homeownership rates, their growing numbers pull down the overall homeownership rate of Working Families with Children.

See Table 2 in Appendix A.



UNDERLYING TREND #2 –  
MINORITY HOMEOWNERSHIP RATES  
LAG THOSE OF WHITES

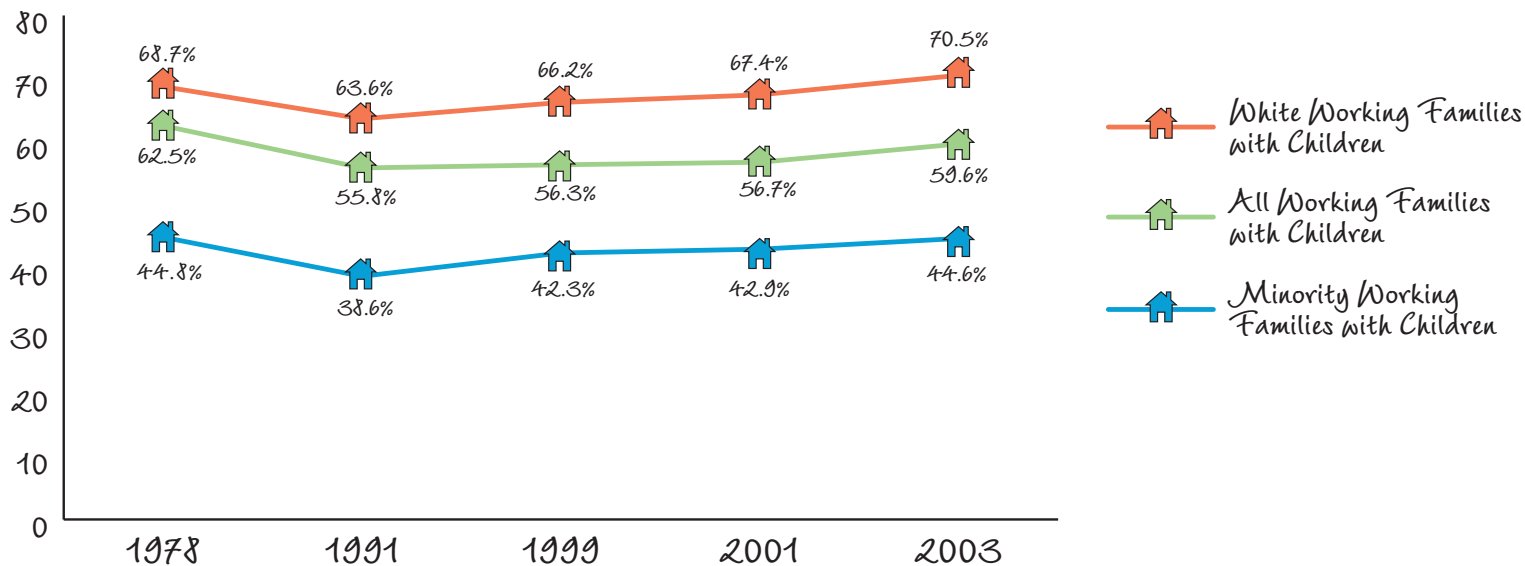
*Disparities Widened  
Over the Past 25 Years*





## Minority Homeownership Rates are Well Below the National Average

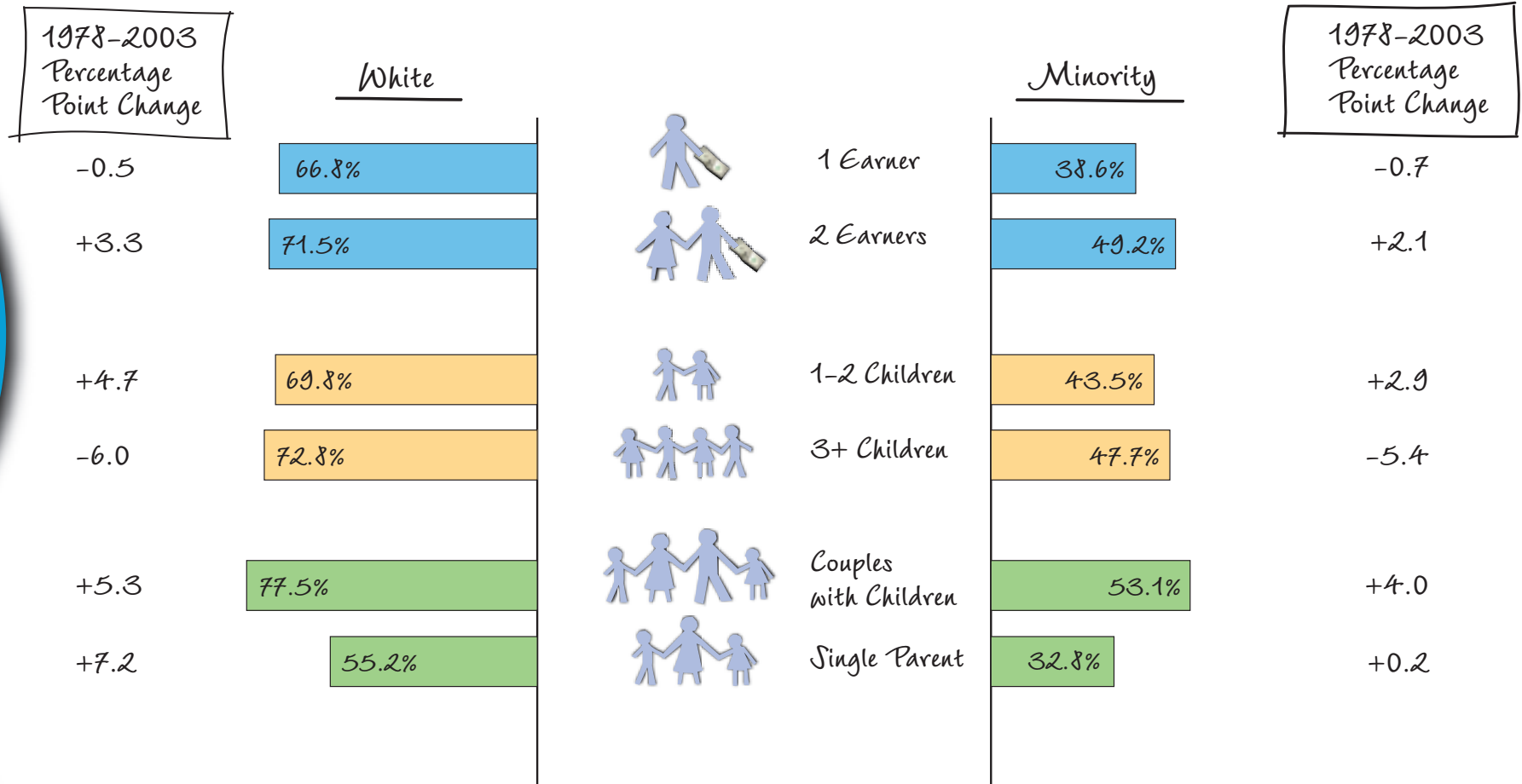
Homeownership Rates of White and Minority Working Families with Children, 1978 – 2003



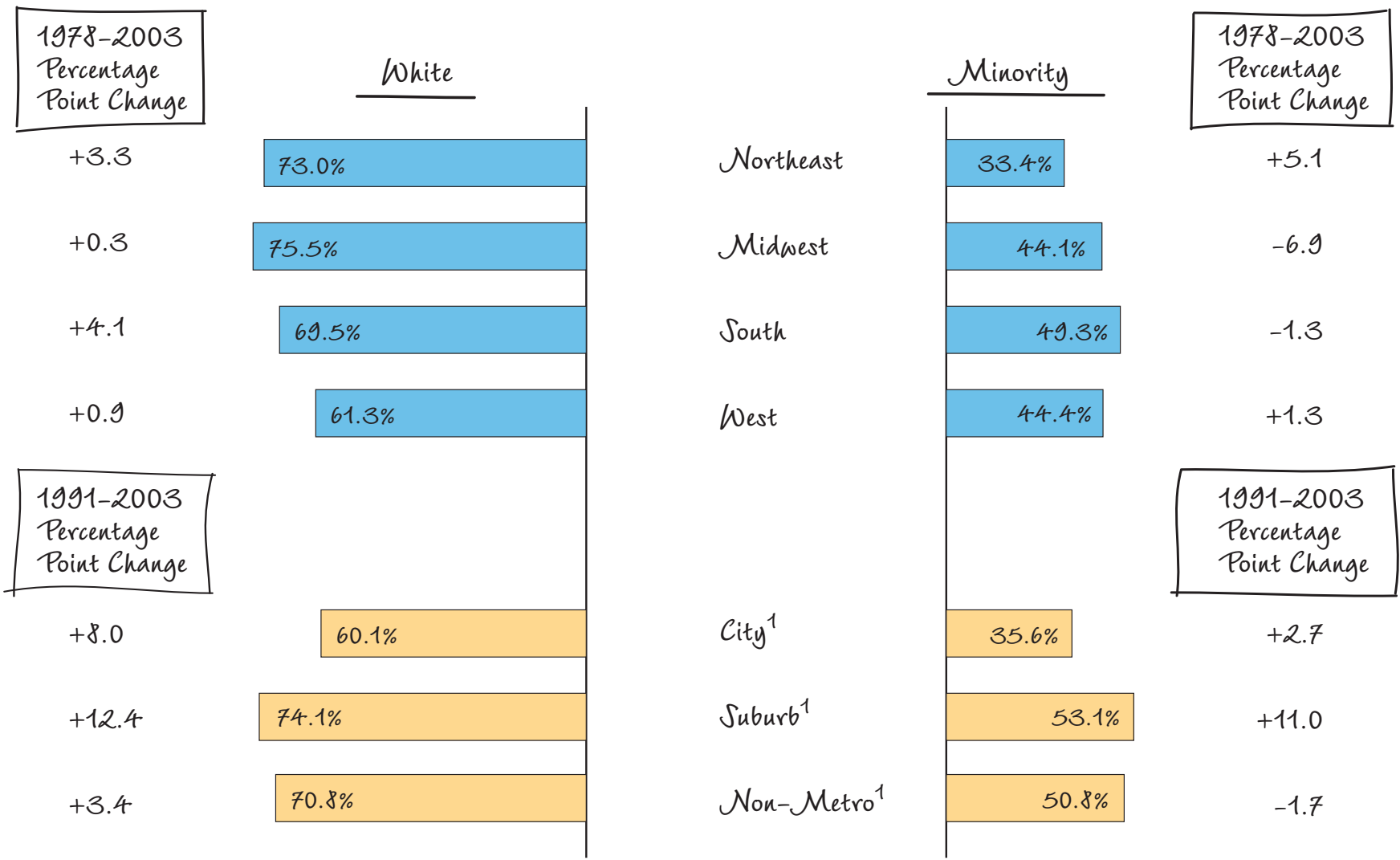
The overall homeownership rate for all Working Families with Children masks a growing disparity. For White Working Families with Children, the 70.5 percent rate surpasses its earlier levels as well as the 68.3 percent national homeownership rate for all households. For Minority Working Families with Children, the 44.6 percent rate in 2003 is nearly 26 percentage points below that of Whites, and still below its 1978 level.

See Tables 1 and 3B in Appendix A.

# Minority Homeownership Rates Among Working Families with Children Large Families, Single Parents and Families Disparities between Whites and



are Lower Across-the-Board: Especially for One-Earner Households,  
 Living in the Northwest and Central Cities.  
 Minorities Widened for Most Groups



<sup>1</sup>Percentage point changes are for 1991-2003 because 1978 data are not comparable.

See Table 3B in Appendix A.

## White Couples Have Highest Homeownership Rate; Minority Single Parents the Lowest

Homeownership Rates of White and Minority Working Families  
with Children by Household Type, 2003 and Percentage Point Changes



At 77.5 percent, the homeownership rate of White Couples with Children far exceeds that of other Working Families with Children. The homeownership rates of White Single Parents (55.2%) and Minority Couples with Children (53.1%) are 22 and 24 percentage points lower, respectively. Lagging far behind are Minority Single Parents. Their homeownership rate of 32.8 percent is virtually unchanged over the period of the study.

See Table 2 in Appendix A.

## Almost 6 out of 10 Renting Working Families with Children are Minorities

### Working Families with Children – Renters, 1978 and 2003

	White	Minority
1978	31.3%	55.2%
2003	29.5%	55.4%



Looking at the flip side of homeownership – renting – shows that less than one-third of White Working Families with Children rent compared to more than half (55 percent) of Minorities, a figure that is virtually unchanged since 1978. As a share of all renting Working Families with Children in 2003, Minorities account for 58 percent, up from 38 percent in 1978. Over half of Minority renters and almost half of White renters are single parents.

Derived from Table 2 in Appendix A.



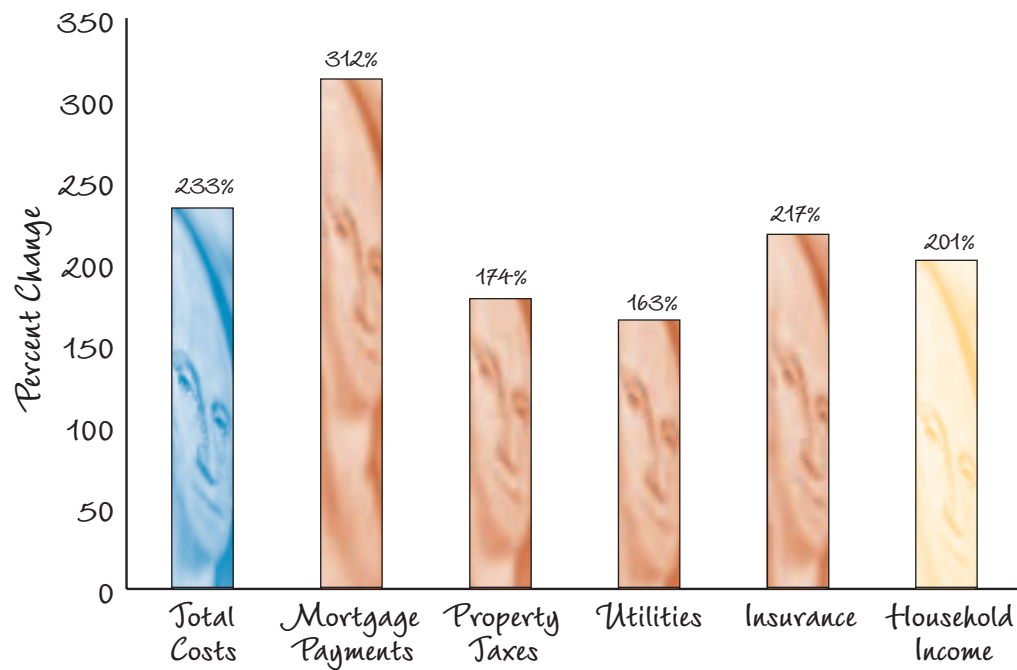
UNDERLYING TREND #3 —  
HOUSING COSTS AND CRITICAL NEEDS  
RISE FOR WORKING FAMILIES  
WITH CHILDREN

*The Share of Working Families with Children  
with Severe Cost Burdens Grew*



## Homeownership Costs Outpace Incomes

Change in Homeownership Costs of Working Families with Children, 1978 – 2003

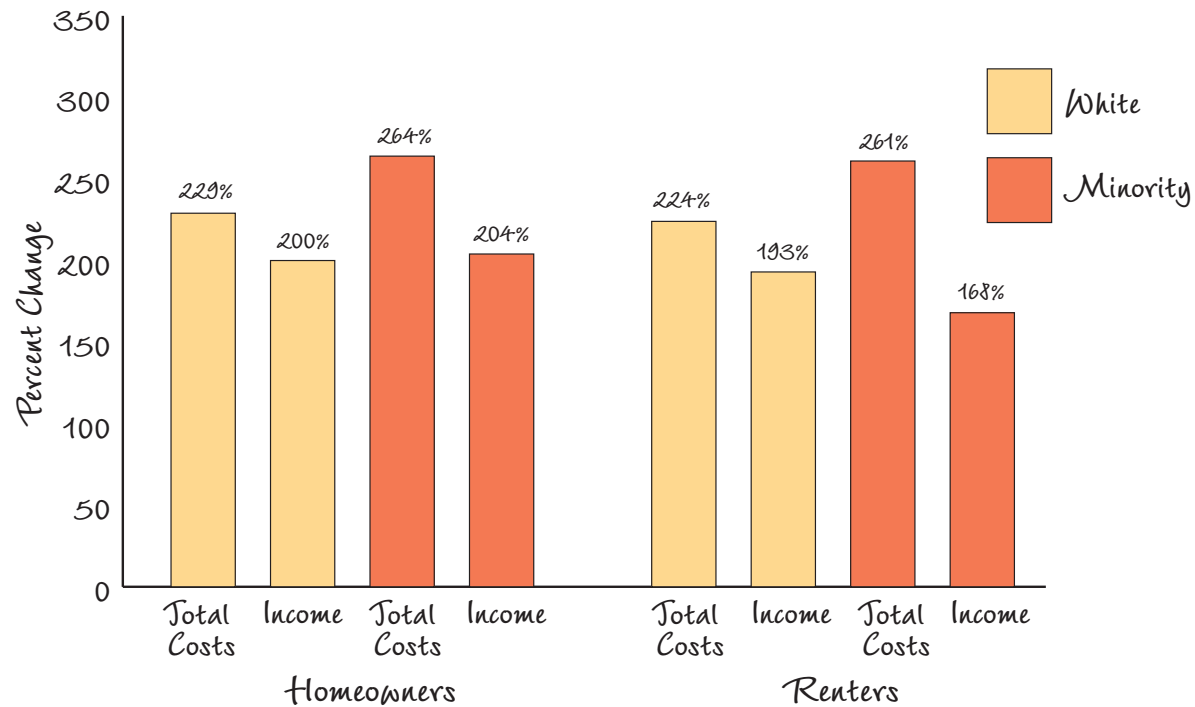


The cost of homeownership grew faster than the incomes of many Working Families with Children over the last quarter century. Mortgage payments, which more than tripled, are the cost category with the biggest increase.

See Table 4A in Appendix A.

## The Gap Between Housing and Income Growth is Largest for Minority Renters

Change in Housing Costs and Incomes of Homeowners and Renters, White and Minority Working Families with Children, 1978 — 2003



Among homeowners, housing costs increased much faster for Minorities than for Whites, even though both groups experienced comparable income growth. Among renters, housing costs also rose much faster for Minorities than for Whites. However, income growth for Minority renters was well below that of White renters.

See Tables 4B and 4C in Appendix A.

# Past Quarter Century Sees Sharp Rise in Number of Working Families with Children Paying More Than Half of Income for Housing

Number of Working Families with Children with Critical Housing Needs:<sup>1</sup>



HOMEOWNERS			
Percent paying more than <u>HALF</u> of income for housing:			
	1978	2003	Percent Change
White	3.0	9.0	+200%
Minority	3.9	11.4	+192%

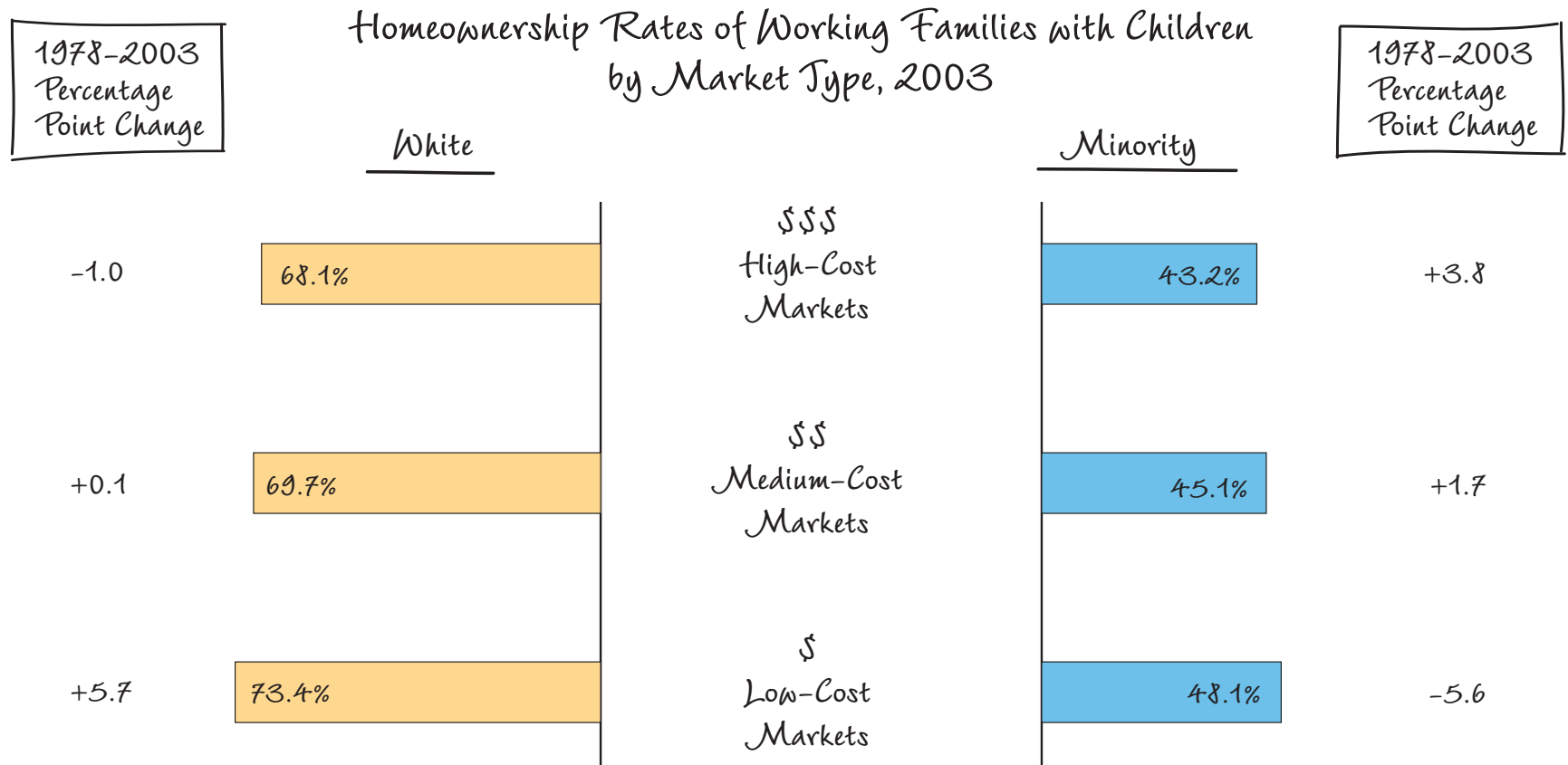
RENTERS			
Percent paying more than <u>HALF</u> of income for housing:			
	1978	2003	Percent Change
White	1.9	8.5	+347%
Minority	1.3	13.3	+923%

1978 = 670,000  
 2003 = 2,400,000  
  
 % Change = 258%

<sup>1</sup>A household that pays more than half of income for housing and/or lives in severely inadequate housing has a critical housing need.

Derived from Tables 5A and 6A in Appendix A.

# High-Cost Markets are a Challenge for many Working Families with Children with Children, but Minorities Lag Whites in All Markets



Not surprisingly, homeownership rates for both Whites and Minority families are lower in high-cost markets. In all three market types, the gap between White and Minority homeownership rates runs about 25 percentage points. For Whites, homeownership dropped in high-cost markets, stayed flat in medium-cost markets and increased robustly in low-cost markets. The opposite was true for Minorities, where the biggest gain was in the high-cost areas and the biggest loss was in low-cost markets.

See Table 7B in Appendix A and Technical Definitions in Appendix B.



## COMPARING WORKING FAMILIES AND UPPER-INCOME HOUSEHOLDS\*

*Households Without Children Have Scored  
the Biggest Gains in Homeownership*

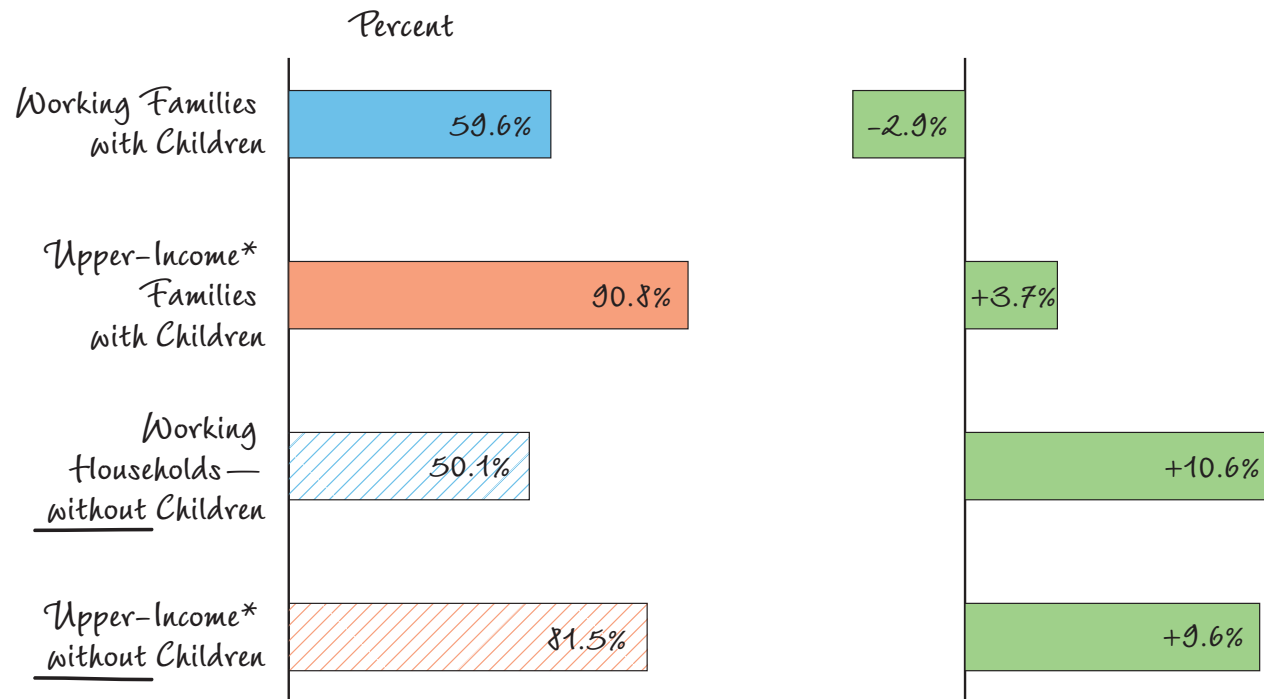
\*All comparisons are for nonelderly households.



## Both Working and Upper-Income Households without Children Register the Biggest Homeownership Gains

Rates of Homeownership, 2003

1978 – 2003 Percentage Point Change



While the homeownership rate of Working Families with Children slipped nearly 3 percentage points since 1978, upper-income families experienced gains. Homeownership among upper-income households without children rose nearly 10 percentage points, and those with children nearly 4 points. Working Families without Children — who are in the same income range as Working Families with Children — also were in the plus column with a more than 10 percentage point gain.

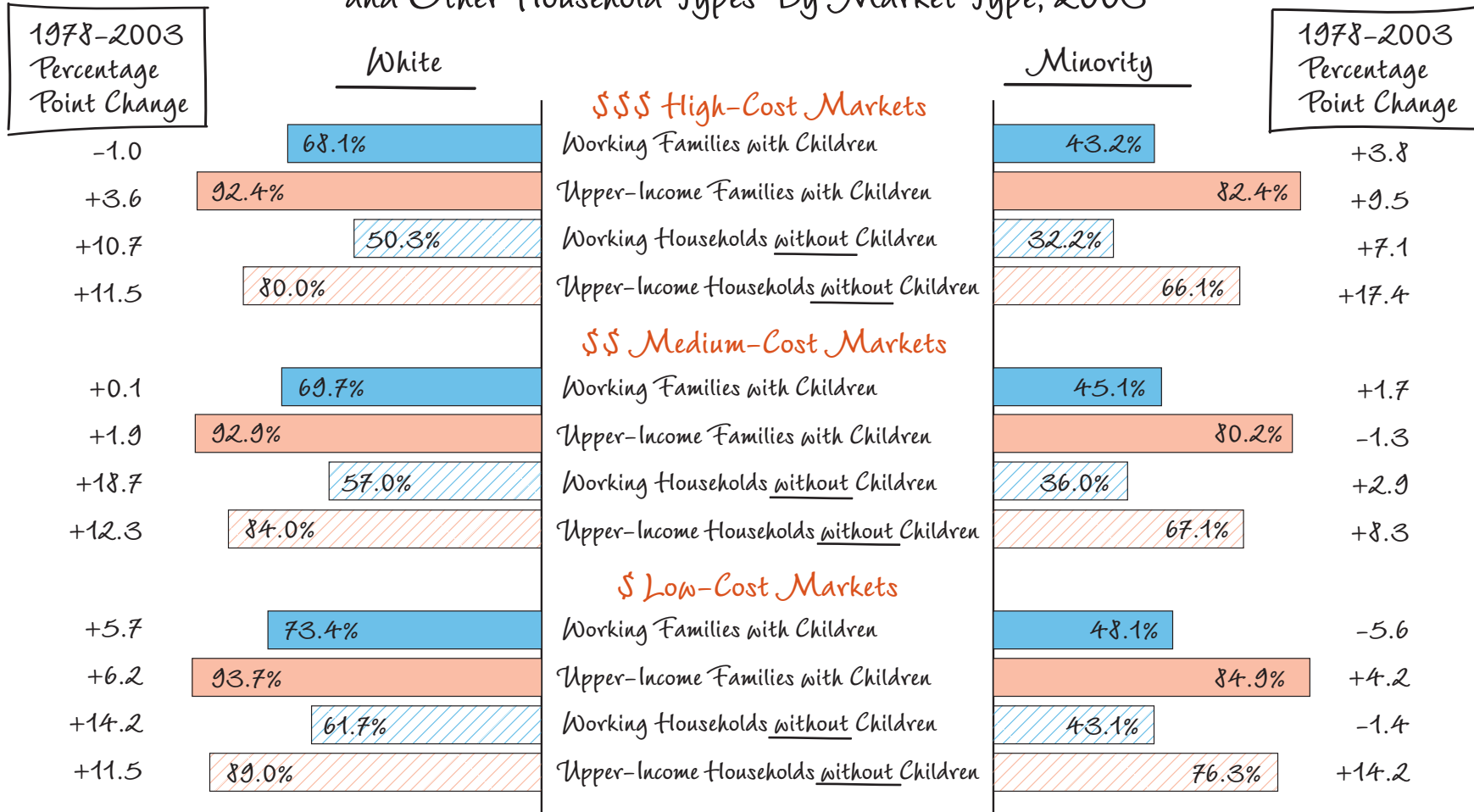
\*In this report Upper-Income indicates household income above 120% of local area median.

See Table 6A in Appendix A.



# Gains in Homeownership Among Working Families with Children Lag Those of Most Other Households in All Market Types

Homeownership Rates of Working Families with Children and Other Household Types By Market Type, 2003

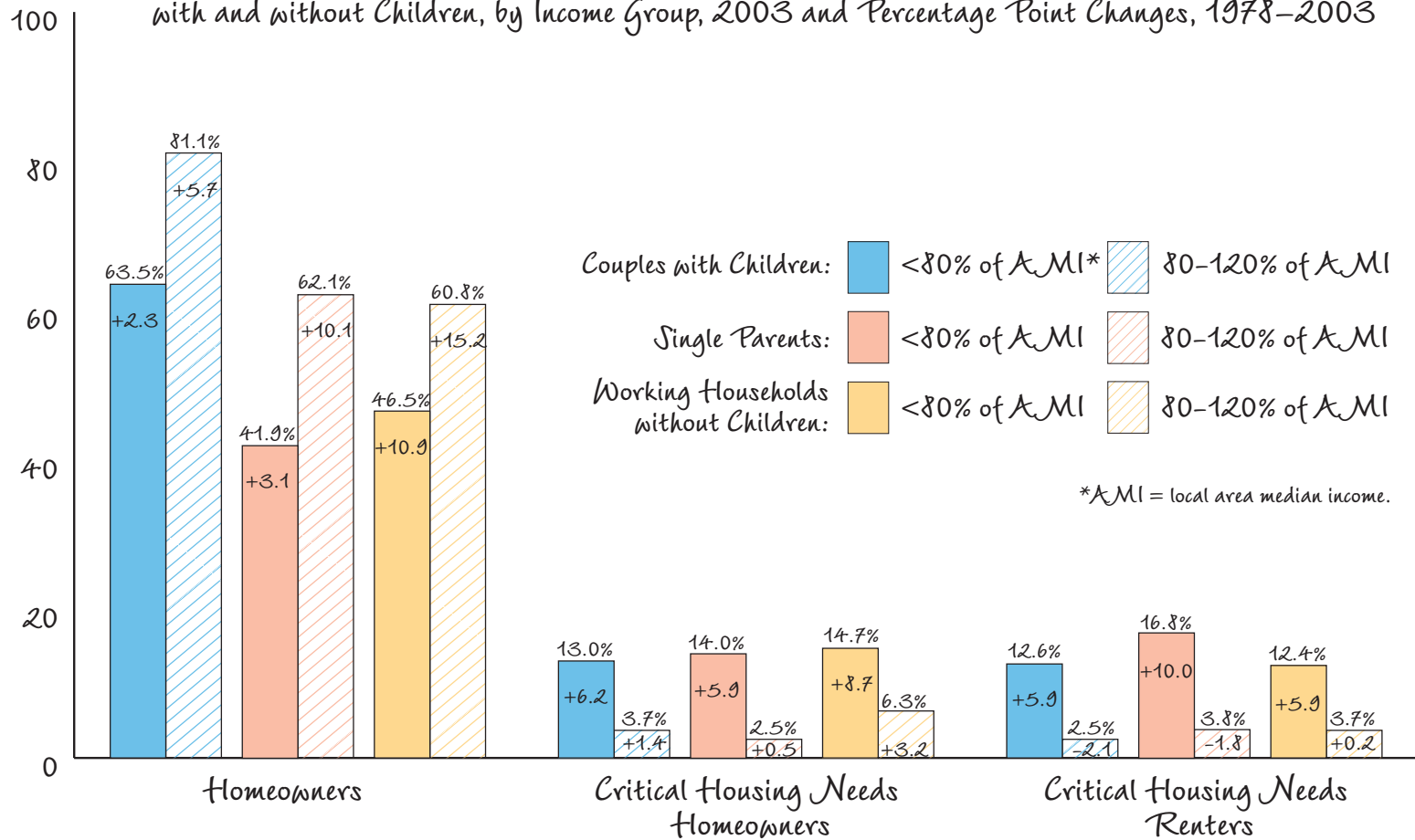


Households without children — both working families and upper-income (those with incomes above 120 percent of the area median income) — have made the biggest gains in homeownership since 1978 in all market types, but especially among upper-income minorities.

See Table 7B in Appendix A.

## Housing Problems are More Prevalent and are Rising for Lower-Income Households

Comparing Housing Problems and Homeownership Rates of Working Families  
with and without Children, by Income Group, 2003 and Percentage Point Changes, 1978–2003

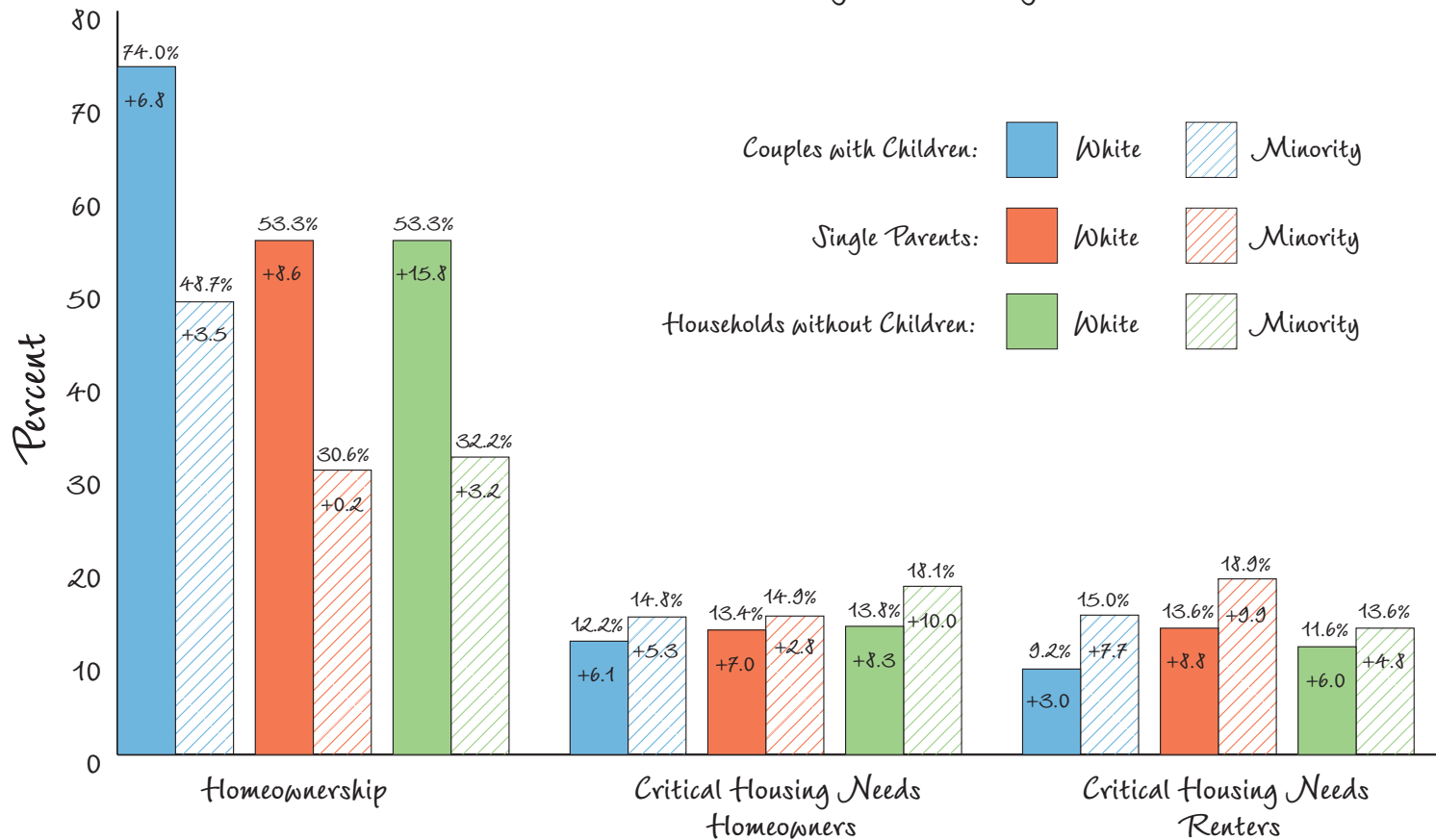


For both Working Families with and without Children, homeownership rates are lower and the rate of housing problems are higher for lower-income households. Of note is the rise to 16.8 percent of critical housing needs among single parent renters in this group.

See Table 8A in Appendix A.

# Lower-Income Minority Single Parents Have the Lowest Homeownership Rate, with No Improvement Over the Last 25 Years

A Closer Look at Lower-Income (<80% Local Area Median Income) Working Families with and without Children, 2003 and Percentage Point Changes, 1978-2003



With the lowest homeownership rate, and the highest rate of critical housing needs among renters, Minority Single Parents stand out as the most disadvantaged group when it comes to attaining homeownership. Not only was their homeownership rate of 31 percent virtually unchanged over the period of the study, but critical housing needs among renters in this group more than doubled.

See Table 8B in Appendix A.

Locked Out, Center for Housing Policy, March 2006



WHAT TO DO —  
POLICIES TO HELP WORKING FAMILIES  
WITH CHILDREN

*Assist Low-Income Renters and Owners  
and Increase the Supply of Affordable Housing*

## Working Families with Children Fall between the Cracks of Federal Housing Policy

Working Families with Children are, for the most part, overlooked by existing housing programs and policies. Families at the bottom of the income ladder have the highest incidence of critical housing needs and receive most of the \$37 billion in direct housing assistance that currently is available. Meanwhile, the \$154 billion in tax benefits of homeownership accrue primarily to upper-income families. As shown in the chart below, Working Families with Children, in most instances, earn too much to qualify for direct housing assistance, but far too little to benefit from the favorable tax treatment available to higher income homeowners.

Given the apparent benefits and asset-building potential of homeownership, it is troubling that Working Families with Children fall between the cracks of the nation's housing support system. Addressing the housing needs of these families should not be viewed as part of a zero sum game. Resources should not be diverted from the very poor. But more resources and creative solutions should be devoted to Working Families with Children as part of our overall commitment to decent and affordable housing for all Americans.

**Average Tax Savings for Working Families and Upper-Income Families with Children, by Income Class, 2001**

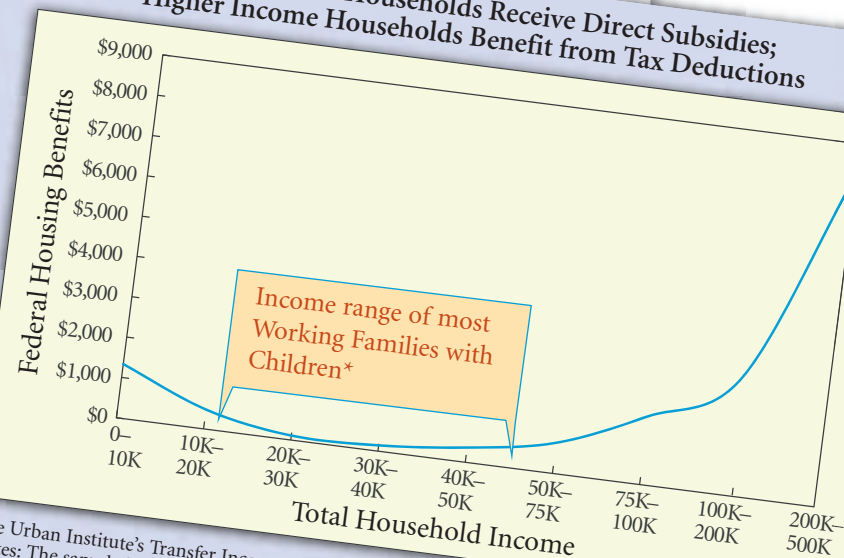
INCOME CLASS	CURRENT MORTGAGE INTEREST DEDUCTION AVERAGE TAX SAVINGS
<b>Working Families with Children</b>	\$ **
Less than 30% of Area Median	\$ 7
30% to less than 50% of Area Median	\$ 76
50% to less than 80% of Area Median	\$ 225
<b>Upper-Income Families with Children</b>	\$1,494
120% or more of Area Median	

\*\* Less than \$1.

Mortgage interest savings were calculated for all married couples filing jointly. Calculations represent average tax savings within each income class. Reduced federal tax liability for individual families would vary.

Source: John Simonson, special analysis for the Center for Housing Policy.

**Lower Income Households Receive Direct Subsidies; Higher Income Households Benefit from Tax Deductions**



The Urban Institute's Transfer Income Model, 2004.

Notes: The sample is restricted to individuals less than 65 years old. Chart includes households without subsidies. Housing subsidies include federal public housing and Section 8. Deductions include mortgage and property tax deductions. Not included are the exclusion of net imputed rental income, deductions such as the exception from passive loss rules for \$25,000 of rental loss, or accelerated depreciation on rental housing.

\*Working Families with Children designation added by the Center for Housing Policy.

Source: Adam Carasso, et al., "Improving Homeownership Among Poor and Moderate-Income Households," *The Urban Institute Opportunity and Ownership Project No. 2*, (2005): 6



## Target homeownership programs to assist low-income renter Working Families with Children.

The advantages of homeownership for children are well documented. Children of homeowners are more likely to do well in school, less likely to have behavioral problems, and less likely to become pregnant as teenagers. Indeed, at least one study has found that the benefits of homeownership on children's educational attainment may be strongest for lower-income families. Therefore, the homeownership rates of Working Families with Children have important implications that extend beyond the housing market to the future well-being of the next generation.

Yet few, if any, ownership programs are specifically directed at the Working Families with Children who could benefit the most. Low-income single parent renters with children have the most pressing needs for homeownership assistance, particularly among minorities. In 2003, this group had the lowest ownership rate which, at 31 percent, represents virtually no progress over the last 25 years. They also were among the most likely to pay more than half their income for housing. Policies and programs known to be effective in helping families achieve homeownership should be expanded, including:

- *Credit Counseling* — to help families maintain good credit and improve poor credit history;
- *Homeowner Education* — to help families determine if and when homeownership would be a good choice for them, prepare for the responsibilities of homeownership, understand how to access favorable loan products and their rights to help reduce the likelihood of default or foreclosure;
- *Downpayment Assistance and Second Mortgages* — to lower initial costs through government assistance or appropriate mortgage products;
- *Maintaining Affordability* — to expand alternative ownership forms such as community land trusts and limited equity cooperatives; reduce regulatory and other barriers to development and develop new sources of capital to reduce costs, such as housing trust funds and employer-assisted housing.

For more information, see: "Strengthening the Ladder for Sustainable Homeownership," Policy Paper prepared by the National Housing Conference for the Annie E. Casey Foundation, February, 2005. Available at [www.nhc.org/housing/pubs-descriptions](http://www.nhc.org/housing/pubs-descriptions).





## Increase the supply of affordable housing — both rental and homeownership — for Working Families with Children.

For years, the Center for Housing Policy has documented the rise in numbers of working families paying more than half their income for housing. In 2003, that figure came to nearly 5 million, almost half of whom are households with children. The cost of housing, both rental and homeownership, continues to strain the household budgets of many working families. From 2001 to 2003 (the most recent part of the period covered in this study), rent on a typical modest two-bedroom apartment rose 10 percent to almost \$800 per month, and the price of a typical existing home rose at a similar rate to \$176,000. But one out of every four workers earned less than \$8.70 per hour, and median family income actually declined just over 1 percent between 2001 and 2003.

Why the gap? At the heart of the issue is the worsening shortage of affordable housing. To increase the supply, states and localities — with the support of the federal government through tax incentives and annual appropriations — must custom tailor their own strategies to meet the growing needs of working families. Both affordable rental and homeownership units are needed because they serve working families at various levels of the income spectrum and in different stages of their lives. Among the most promising strategies:

- *Inclusionary Zoning* — requiring developers to include a percentage of affordable units as part of a new development in exchange for the right to build more market-rate housing than is currently zoned;
- *Density Done Well* — increasing the acceptance of affordable housing in mixed-income communities through better design;
- *Regulatory Reform* — reducing red tape, speeding the approval process, modifying building codes, and updating zoning laws to encourage new production and rehab of older properties;
- *Smart Growth* — providing choices for a range of household types, sizes and incomes so that working families can live in diverse communities with access to jobs, top-quality schools, transportation and a safe environment in which to raise children.

For more information see: *Affordable Housing and Smart Growth: Making the Connection* (Washington, DC: National Neighborhood Coalition, 2001) and various publications on *Inclusionary Zoning* at [www.nhc.org/housing/pubs-descriptions](http://www.nhc.org/housing/pubs-descriptions).





APPENDIX A

*Detailed Tables*



**TABLE 1\***

**Households, Children and Homeownership of Working Families with Children, 1978–2003**

	1978	1991	1999	2001	2003	Change 1978–2003
<b>Working Families with Children</b>						
Number in Millions	11.9	16.6	17.0	17.3	19.8	7.9 Million
as % of all Households	15.4%	17.6%	16.5%	16.4%	18.7%	+3.3 Points
as % of all Families with Children	39.0%	48.0%	45.8%	45.5%	52.2%	+13.2 Points
<b>Children</b>						
Number in Millions	60.1	65.4	69.6	71.2	70.6	10.5 Million
Share of all children in:						
<i>Working Families with Children</i> <sup>1</sup>	40.8%	49.2%	47.8%	48.0%	54.2%	+13.5 Points
Families with Marginal Earnings <sup>2</sup>	6.7%	6.3%	5.7%	4.8%	4.5%	-2.1 Points
Upper-Income Families <sup>3</sup>	39.3%	31.5%	38.4%	39.6%	32.9%	-6.4 Points
<b>Homeownership Rate (%), by Household Group</b>						
All Households	65.2%	63.9%	66.9%	68.0%	68.3%	+3.1 Points
All Families with Children	70.5%	63.4%	67.5%	68.4%	68.6%	-1.9 Points
<i>Working Families with Children</i> <sup>1</sup>	62.5%	55.8%	56.3%	56.7%	59.6%	-2.9 Points
Families with Marginal Earnings <sup>2</sup>	47.7%	40.8%	34.0%	36.8%	36.9%	-10.8 Points
Upper-Income Families <sup>3</sup>	87.1%	87.1%	88.6%	88.7%	90.8%	+3.7 Points
<b>Percent of Children Living in Owner-Occupied Homes</b>						
All Children	71.5%	62.7%	66.8%	67.8%	67.8%	-3.7 Points
<i>Working Families with Children</i> <sup>1</sup>	65.9%	57.5%	57.6%	57.8%	60.3%	-5.6 Points
Families with Marginal Earnings <sup>2</sup>	47.6%	39.5%	32.5%	33.2%	35.8%	-11.8 Points
Upper-Income Families <sup>3</sup>	94.3%	87.6%	89.0%	89.2%	91.4%	-2.9 Points

<sup>1</sup>Families earning no more than 120% of the local area median income but more than the full-time equivalent of the minimum wage (\$10,712).

<sup>2</sup>Families earning between one-fourth and full-time minimum wage.

<sup>3</sup>Families with income above 120% of local area median income.

\*In all tables, 2001 figures use weights derived from the 2000 Census to maintain comparability with 2003.

**TABLE 2**  
**Change in Household Composition, Minority Status and Homeownership of Working Families with Children, 1978–2003**

	NON-HISPANIC WHITE		MINORITY		
	Couples	Single Parents	Couples	Single Parents	
<b>Share of Working Families with Children</b>					
1978	63%	11%	19%	7%	
2003	39%	18%	24%	18%	
Percentage Point Change		-24	+7	+5	+11
<b>Homeownership Rate</b>					
1978	72.2%	48.0%	49.1%	32.6%	
2003	77.5%	55.2%	53.1%	32.8%	
Percentage Point Change		+5.3	+7.2	+4.0	+0.2
<b>Share of Working Family Renters</b>					
1978	47%	15%	26%	12%	
2003	22%	20%	28%	29%	
Percentage Point Change		-25	+5	+2%	+17
<b>Share of Children in Rented Homes</b>					
1978	48%	12%	28%	13%	
2003	23%	16%	32%	30%	
Percentage Point Change		-25	+4	+3	+17

**TABLE 3A**  
**Homeownership Rates Among Working Families with Children (Percent)**

	1978	1991	1999	2001	2003	Percentage Point Change 1978–2003
<b>All Working Families with Children</b>	62.5	55.8	56.3	56.7	59.6	-2.9
<b>Family Size and Composition</b>						
One or Two Children	59.2	54.7	55.4	55.9	59.2	0
Three or More Children	70.8	59.4	59.2	58.8	60.5	-10.3
Couples with Children	66.8	63.2	64.2	65.5	68.2	+1.4
Single Parent	42.0	38.5	41.8	43.2	44.2	+2.2
<b>Number of Earners</b>						
One	60.4	50.2	50.7	51.6	54.6	-5.8
Two	62.3	58.6	59.9	59.5	62.6	+0.3
<b>Region</b>						
Northeast	61.1	58.4	55.3	55.6	58.8	-2.3
Midwest	71.7	64.3	65.8	65.3	67.7	-4.0
South	60.2	55.6	59.4	58.8	60.0	-0.2
West	54.3	44.3	44.5	46.9	51.9	-2.4
<b>Metro Location</b>						
Metro	61.3	53.5	54.3	54.7	58.0	-3.3
City <sup>1</sup>	n/a	42.2	41.4	41.8	44.5	
Suburb <sup>1</sup>	n/a	61.1	63.1	63.5	66.4	
Non-Metro	66.2	64.7	65.1	64.9	66.4	+0.2

<sup>1</sup>Comparison to 1978 rates not available.

**TABLE 3B**  
**Homeownership Rates Among Working Families with Children (Percent)**

	NON-HISPANIC WHITE					Percentage Point Change 1978–2003	MINORITY					Percentage Point Change 1978–2003
	1978	1991	1999	2001	2003		1978	1991	1999	2001	2003	
<b>Working Families with Children</b>	68.7	63.6	66.2	67.4	70.5	+1.8	44.8	38.6	42.3	42.9	44.6	-0.2
<b>Race</b>												
White	68.7	63.6	66.2	67.4	70.5	+1.8	43.6	37.1	43.0	47.2	42.3	-1.3
Black	n/a	n/a	n/a	n/a	n/a	n/a	45.9	39.9	43.0	40.9	44.6	-1.3
Alaskan Native, Amer. Ind., Asian, Pacific Islanders	n/a	n/a	n/a	n/a	n/a	n/a	43.2	44.3	49.7	49.8	53.6	+10.4
<b>Ethnicity</b>												
Hispanic							43.3	35.1	39.5	42.5	41.9	-1.4
Non-Hispanic	68.7	63.6	66.2	67.4	70.5	+1.8	45.8	40.9	44.6	43.1	47.4	+1.6
<b>Family Size and Composition</b>												
One or Two Children	65.1	62.1	64.9	66.2	69.8	+4.7	40.6	36.9	40.9	41.5	43.5	+2.9
Three or More Children	78.8	68.8	70.7	71.2	72.8	-6.0	53.1	43.1	46.1	46.5	47.7	-5.4
Couples with Children	72.2	69.5	73.8	75.1	77.5	+5.3	49.1	45.4	49.6	51.4	53.1	+4.0
Single Parent	48.0	45.7	50.6	53.7	55.2	+7.2	32.6	28.9	32.2	32.0	32.8	+0.2
<b>Number of Earners</b>												
One	67.3	58.5	61.6	62.6	66.8	-0.5	39.3	33.0	36.0	37.4	38.6	-0.7
Two	68.2	65.2	68.9	69.6	71.5	+3.3	47.1	42.4	45.6	45.2	49.2	+2.1
<b>Region</b>												
Northeast	69.7	69.0	69.1	70.8	73.0	+3.3	28.3	30.1	32.2	33.0	33.4	+5.1
Midwest	75.2	69.6	71.7	71.7	75.5	+0.3	51.0	39.8	45.6	46.6	44.1	-6.9
South	65.4	60.9	67.8	68.3	69.5	+4.1	50.6	46.4	49.9	49.1	49.3	-1.3
West	60.4	52.8	53.1	56.6	61.3	+0.9	43.1	32.2	37.0	38.5	44.4	+1.3
<b>Metro Location</b>												
Metro	68.9	62.3	66.0	67.1	70.3	+1.4	42.9	36.8	40.7	41.5	43.9	+1.0
City	n/a	52.1	53.1	56.3	60.1	+8.0 <sup>1</sup>	n/a	32.8	34.8	34.4	35.5	+2.7 <sup>1</sup>
Suburb	n/a	61.7	70.7	71.1	74.1	+12.4 <sup>1</sup>	n/a	42.1	48.2	50.3	53.1	+11.0 <sup>1</sup>
Non-Metro	68.3	67.4	66.9	67.9	70.8	+2.5	55.5	52.5	58.1	54.8	50.8	-4.7

NOTES: Estimates by race for 2003 are not strictly comparable to those of earlier years. Estimates by metro location for 1978 differ from all others; those of 1999–2003 are not strictly comparable to those of earlier years.

<sup>1</sup>Change for 1991–2003.



**TABLE 4A**  
**Components of Cost Burden for Homeowner Working Families with Children**

	1978	1991	1999	2001	2003	Percent Change 1978–2003
<b>Median Values (\$, monthly)</b>						
Principal & Interest Payments	\$182	327	618	691	750	312%
Utilities	\$78	130	143	162	205	163%
Property Taxes	\$35	56	79	79	96	174%
Insurance	\$12	23	29	33	38	217%
Total Cash Outlays	\$263	543	692	814	876	233%
Household Income	\$1,220	2,608	3,017	3,250	3,667	201%
<b>As a Ratio to Household Income</b>						
Principal & Interest Payments	15%	13%	20%	21%	20%	+5
Utilities	6%	5%	5%	5%	6%	0
Property Taxes	3%	2%	3%	2%	3%	0
Insurance	1%	1%	1%	1%	1%	0
Total Cash Outlays	22%	21%	23%	25%	24%	+2

NOTES: Mortgage payments include all mortgages on property; ratios calculated from values above; expense components do not sum to total because of differing subsamples and use of medians.

**TABLE 4B**  
**Components of Cost Burden for Homeowner Working Families with Children**

	NON-HISPANIC WHITE					Percent Change 1978–2003	MINORITY					Percent Change 1978–2003
	1978	1991	1999	2001	2003		1978	1991	1999	2001	2003	
<b>Median Values (\$, monthly)</b>												
Principal & Interest Payments	\$188	341	600	679	750	299%	\$167	288	650	702	750	349%
Utilities	\$78	131	143	162	205	163%	\$75	126	146	163	198	164%
Property Taxes	\$38	60	79	88	104	174%	\$25	48	71	79	88	252%
Insurance	\$12	22	29	32	38	217%	\$11	25	30	33	39	255%
Total Cash Outlays	\$268	557	687	821	882	229%	\$239	498	704	800	870	264%
Household Income	\$1,250	2,667	3,092	3,333	3,750	200%	\$1,098	2,292	2,917	3,001	3,338	204%
<b>As a Ratio to Household Income</b>												
						Percentage Point Change						Percentage Point Change
Principal & Interest Payments	15%	13%	19%	20%	20%	+5	15%	13%	22%	23%	22%	7
Utilities	6%	5%	5%	5%	5%	-1	7%	5%	5%	5%	6%	-1
Property Taxes	3%	2%	3%	3%	3%	0	2%	2%	2%	3%	3%	0
Insurance	1%	1%	1%	1%	1%	0	1%	1%	1%	1%	1%	0
Total Cash Outlays	21%	21%	22%	25%	24%	+2	22%	22%	24%	27%	26%	+4

NOTES: Mortgage payments include all mortgages on property; ratios calculated from values above; expense components do not sum to total because of differing subsamples and use of medians.

**TABLE 4C**  
**Housing Costs and Income for Working Renter Families with Children**

	NON-HISPANIC WHITE					Percent Change 1978–2003	MINORITY					Percent Change 1978–2003
	1978	1991	1999	2001	2003		1978	1991	1999	2001	2003	
<b>Median Values (\$, monthly)</b>												
Total Cash Outlays	\$212	478	590	657	686	224%	\$193	481	597	668	697	261%
Household Income	\$852	2,000	2,254	2,500	2,500	193%	\$897	1833	2125	2333	2400	168%
<b>As a Ratio to Household Income</b>												
						Percentage Point Change						Percentage Point Change
Total Cash Outlays	25%	24%	26%	26%	27%	+3	22%	26%	28%	29%	29%	+8

NOTES: Mortgage payments include all mortgages on property; ratios calculated from values above; expense components do not sum to total because of differing subsamples and use of medians.

TABLE 5A

## Incidence of Cost Burdens and Critical Needs Among Working Families with Children, by Tenure (Percent)

	1978	1991	1999	2001	2003	Percentage Point Change 1978–2003
<b>Homeowner Working Families with Children</b>						
Percent with Moderate Cost Burden	19.3	20.5	24.2	27.6	25.4	+6.1
Percent with Severe Cost Burden	3.1	5.7	8.9	11.0	9.8	+6.7
Percent with Critical Housing Needs	5.2	8.2	10.1	12.5	10.8	+5.6
<b>Renter Working Families with Children</b>						
Percent with Moderate Cost Burden	21.4	26.2	29.3	28.4	29.9	+8.5
Percent with Severe Cost Burden	1.6	6.0	9.1	10.7	11.3	+9.7
Percent with Critical Housing Needs	6.3	9.5	12.6	13.1	13.8	+7.5

TABLE 5B

## Incidence of Cost Burdens and Critical Needs Among Working Families with Children, by Tenure (Percent)

	NON-HISPANIC WHITE					Percentage Point Change 1978–2003	MINORITY					Percentage Point Change 1978–2003
	1978	1991	1999	2001	2003		1978	1991	1999	2001	2003	
<b>Homeowner Working Families with Children</b>												
Percent with Moderate Cost Burden	20.0	19.9	22.7	27.7	23.7	+3.7	16.5	22.7	27.3	27.5	29.0	+12.5
Percent with Severe Cost Burden	3.0	4.9	7.9	9.8	9.0	+6.0	3.9	8.8	11.2	13.3	11.4	+7.5
Percent with Critical Housing Needs	4.5	7.4	9.1	11.2	10.0	+5.6	8.4	11.1	12.5	15.2	12.5	+4.1
<b>Renter Working Families with Children</b>												
Percent with Moderate Cost Burden	22.9	23.9	24.5	26.4	24.8	+1.8	19.1	29.2	33.2	29.9	33.7	+14.6
Percent with Severe Cost Burden	1.9	4.9	7.3	8.6	8.5	+6.6	1.3	7.5	10.6	12.2	13.3	+12.1
Percent with Critical Housing Needs	5.3	7.8	9.6	10.4	10.5	+5.2	7.8	11.7	15.1	15.0	16.3	+8.5

Source: Tabulations of Annual and American Housing Survey microdata.

**TABLE 6A**  
**Homeownership and Number of Working Families with Children and of Other Households, 1978–2003**

	1978	1991	1999	2001	2003	1978–2003	
						Percentage Point Change	Percent Change
<b>Homeownership Rate (%), by Household Group</b>							
All Households	65.2%	63.9%	66.9%	68.0%	68.3%	3.1	5%
All Families with Children	70.5%	63.4%	67.5%	68.4%	68.6%	-1.9	-3%
<i>Working Families with Children</i> <sup>1</sup>	62.5%	55.8%	56.3%	56.7%	59.6%	-2.9	-5%
Families with Marginal Earnings <sup>2</sup>	47.7%	40.8%	34.0%	36.8%	36.9%	-10.8	-23%
Upper-Income Families <sup>3</sup>	87.1%	87.1%	88.6%	88.7%	90.8%	3.7	4%
All Households without Children	61.8%	64.7%	66.7%	67.9%	68.1%	6.3	10%
All Elderly (Head 65+) without Children	71.2%	77.2%	80.1%	80.3%	80.1%	8.9	13%
All Nonelderly without Children	57.1%	58.4%	60.5%	62.3%	62.8%	5.7	10%
Working Households <sup>4</sup>	39.5%	41.8%	44.4%	46.2%	50.1%	10.6	27%
Upper-Income Households <sup>3</sup>	71.9%	76.3%	78.5%	79.1%	81.5%	9.6	13%
						<b>Change in Millions</b>	
<b>Number of Households (millions), by Household Group</b>							
All Households	77.4	94.4	102.8	105.4	105.9	28.5	37%
All Families with Children	30.5	34.6	37.1	38.0	37.9	7.4	24%
<i>Working Families with Children</i> <sup>1</sup>	11.9	16.6	17.0	17.3	19.8	7.9	66%
Families with Marginal Earnings <sup>2</sup>	2.1	2.0	2.0	1.8	1.6	-0.5	-24%
Upper-Income Families <sup>3</sup>	12.8	11.9	15.3	16.3	13.5	0.7	5%
All Households without Children	46.9	58.5	65.6	67.9	67.8	20.9	45%
All Elderly (Head 65+) without Children	15.7	19.6	20.6	20.8	20.8	5.1	32%
All Nonelderly without Children	31.3	38.9	45.0	46.4	47.1	15.8	50%
Working Households <sup>4</sup>	9.1	14.7	16.4	16.5	19.6	10.5	115%
Upper-Income Households <sup>3</sup>	15.5	16.8	20.6	22.1	19.4	3.9	25%

<sup>1</sup>Families earning no more than 120% of the local area median income but more than the full-time equivalent of the minimum wage (\$10,712).

<sup>2</sup>Families earning between one-fourth and full-time minimum wage.

<sup>3</sup>Families with income above 120% of local area median income.

<sup>4</sup>Earning no more than 120% of the local area median income but more than the full-time equivalent of the minimum wage (\$10,712).

TABLE 6B

## Homeownership Rates and Number of Working Families with Children and of Other Households, 1978–2003

	NON-HISPANIC WHITE							MINORITY						
						1978–2003							1978–2003	
	1978	1991	1999	2001	2003	Percentage Point Change	Percent Change	1978	1991	1999	2001	2003	Percentage Point Change	Percent Change
<b>HOMEOWNERSHIP RATE (%), BY HOUSEHOLD GROUP</b>														
<b>All Households</b>	69.6	69.9	73.8	74.8	75.4	5.8*	8%	43.8	42.7	46.6	48.6	48.7	4.9*	11%
<b>All Families with Children</b>	77.3	72.2	77.6	78.6	79.1	1.8*	2%	45.5	41.1	47.5	49.4	49.3	3.8*	8%
<i>Working Families with Children</i> <sup>1</sup>	68.7	63.6	66.2	67.4	70.5	1.8*	3%	44.8	38.6	42.3	42.9	44.6	-0.2	-0%
<i>Couples</i>	72.2	69.5	73.8	75.1	77.5	5.3*	7%	49.1	45.4	49.6	51.4	53.1	4.0*	8%
<i>Single Parents</i>	48.0	45.7	50.6	53.7	55.2	7.2*	15%	32.6	28.9	32.2	32.0	32.8	0.2	1%
Families with Marginal Earnings <sup>2</sup>	57.7	49.1	46.5	51.4	47.7	-10.0*	-17%	27.8	28.9	23.1	24.7	26.8	-1.0	-4%
Upper-Income Families <sup>3</sup>	88.8	89.3	91.1	90.9	93.0	4.2*	5%	78.6	78.4	80.3	80.0	81.9	3.3*	4%
<b>All Households without Children</b>	65.0	68.7	72.0	73.1	73.8	8.8*	14%	42.2	44.3	45.8	47.9	48.2	6.0*	14%
All Elderly (head 65+)														
without Children	73.3	79.3	82.8	83.0	83.2	9.9*	14%	55.0	62.8	64.2	64.4	64.2	9.2*	17%
All Nonelderly without Children	60.7	63.0	66.5	68.1	69.2	8.5*	14%	37.4	38.2	40.6	43.2	43.6	6.2*	17%
Working Nonelderly <sup>4</sup>	41.6	45.8	49.2	51.6	56.3	14.7*	35%	32.0	29.8	32.5	33.8	35.5	3.5*	11%
<b>NUMBER OF HOUSEHOLDS (MILLIONS), BY HOUSEHOLD GROUP</b>														
<b>All Households</b>	64.3	73.6	76.9	78.2	77.4	13.1*	20%	13.1	20.8	25.9	27.3	28.5	15.4*	118%
<b>All Families with Children</b>	24.0	24.8	24.5	24.7	24.5	0.5*	2%	6.5	9.8	12.5	13.2	13.4	6.9*	106%
<i>Working Families with Children</i> <sup>1</sup>	8.8	11.4	9.9	9.8	11.4	2.6*	30%	3.1	5.2	7.0	7.5	8.3	5.2*	168%
<i>Couples</i>	7.5	8.6	6.7	6.2	7.8	0.3	4%	2.3	3.0	4.1	4.2	4.8	2.5*	109%
<i>Single Parents</i>	1.3	2.8	3.2	3.5	3.6	2.3*	177%	0.8	2.1	2.9	3.3	3.5	2.7*	338%
Families with Marginal Earnings <sup>2</sup>	1.4	1.2	1.0	0.8	0.8	-0.6*	-43%	0.7	0.8	1.1	1.0	0.8	0.1	14%
Upper-Income Families <sup>3</sup>	12.1	10.1	12.3	12.9	10.7	-1.4*	-12%	1.4	1.8	2.9	3.3	2.7	1.3*	93%
<b>All Households without Children</b>	40.3	48.8	52.3	53.3	52.8	12.5*	31%	6.6	9.7	13.3	13.9	15.0	8.4*	127%
All Elderly (head 65+)														
without Children	13.8	17.2	17.6	17.7	17.4	3.6*	26%	1.8	2.4	3.0	3.1	3.4	1.6*	89%
All Nonelderly without Children	26.5	31.6	34.6	35.6	35.4	8.9*	34%	4.8	7.3	10.4	10.9	11.7	6.9*	144%
Working Nonelderly <sup>4</sup>	7.1	11.1	11.7	11.6	13.7	6.6*	93%	2.0	3.7	4.7	4.9	5.9	3.9*	195%

<sup>1</sup>Families earning no more than 120% of the local area median income but more than the full-time equivalent of the minimum wage (\$10,712).<sup>2</sup>Families earning between one-fourth and full-time minimum wage.<sup>3</sup>Families with income above 120% of local area median income.<sup>4</sup>Earning no more than 120% of the local area median income but more than the full-time equivalent of the minimum wage (\$10,712).

\*1978-2003 difference significant at 90%.

**TABLE 7A**

**Homeownership Rates of Working Families with Children and Other Households by High, Medium and Low Homeowner Cost Burden in Local Market (Percent)**

	1978	1991	1999	2001	2003	Percentage Point Change 1978–2003
<b>HIGH-COST BURDEN MARKETS</b>						
All Working Families with Children	60.6	45.8	49.4	51.0	54.5	-6.1
Couples	65.6	52.4	56.7	59.1	62.2	-3.4
Single Parent	40.0	32.8	35.8	38.3	40.1	+0.1
Working <sup>1</sup> Households without Children	35.8	34.5	38.1	38.4	43.5	+7.7
Upper-Income Families with Children <sup>2</sup>	86.9	86.2	87.5	86.8	89.6	+2.7
Upper-Income Nonelderly Households without Children	66.8	72.0	72.8	73.6	76.9	+10.1
<b>MEDIUM-COST BURDEN MARKETS</b>						
All Working Families with Children	61.9	59.4	58.7	59.2	59.4	-2.5
Couples	66.7	67.3	68.8	69.5	68.7	+2
Single Parent	40.7	39.9	42.2	44.1	43.6	+2.9
Working <sup>1</sup> Households without Children	37.2	43.7	46.0	50.0	50.5	+13.3
Upper-Income Families with Children <sup>2</sup>	89.7	88.6	90.4	89.8	90.5	+0.8
Upper-Income Nonelderly Households without Children	70.3	77.9	78.9	80.4	81.1	+10.8
<b>LOW-COST BURDEN MARKETS</b>						
All Working Families with Children	64.8	60.4	62.7	61.9	67.2	+2.4
Couples	68.0	66.9	69.3	69.7	76.1	+8.1
Single Parent	46.0	43.8	50.8	50.2	50.9	+4.9
Working <sup>1</sup> Households without Children	47.0	47.4	52.1	52.5	58.2	+11.2
Upper-Income Families with Children <sup>2</sup>	87.0	87.7	88.0	89.3	92.7	+5.7
Upper-Income Nonelderly Households without Children	76.5	78.5	84.5	84.7	87.8	+11.3

<sup>1</sup>Earning no more than 120% of the local area median income but more than the full-time equivalent of the minimum wage (\$10,712).

<sup>2</sup>With income above 120% of local area median income.



**TABLE 7B**

**Homeownership Rates of Working Families with Children and Other Households by High, Medium and Low Homeowner Cost Burden in Local Market (Percent)**

	NON-HISPANIC WHITE					Percentage Point Change 1978–2003	MINORITY					Percentage Point Change 1978–2003
	1978	1991	1999	2001	2003		1978	1991	1999	2001	2003	
<b>HIGH-COST BURDEN MARKETS</b>												
All Working Families with Children	69.0	55.4	62.3	64.6	68.1	-1.0	39.4	32.8	39.6	40.9	43.2	+3.8
Couples	72.9	61.7	70.8	72.6	76.1	+3.2	43.3	37.7	45.0	47.9	49.5	+6.2
Single Parent	47.7	40.2	43.8	49.9	50.8	+3.2	30.0	25.4	30.6	31.0	32.6	+2.6
Working <sup>1</sup> Households, No Children	39.6	39.3	42.3	41.8	50.3	+10.7	25.1	23.8	31.4	33.2	32.2	+7.1
Upper-Income Families with Children <sup>2</sup>	88.8	87.7	90.3	88.8	92.4	+3.6	72.9	81.2	80.0	82.1	82.4	+9.5
Upper-Income Nonelderly, No Children	68.5	73.8	75.7	77.1	80.0	+11.5	48.7	62.0	62.2	61.0	66.1	+17.4
<b>MEDIUM-COST BURDEN MARKETS</b>												
All Working Families with Children	69.6	67.0	67.1	68.7	69.7	+0.1	43.5	39.9	42.9	42.4	45.1	+1.6
Couples	73.8	72.8	75.0	77.8	76.5	+2.7	47.6	48.2	53.8	52.4	55.3	+7.7
Single Parent	47.1	47.8	50.9	53.5	54.9	+7.8	30.9	28.8	30.8	30.7	32.4	+1.5
Working <sup>1</sup> Households, No Children	38.3	48.0	50.3	55.6	57.0	+18.7	33.1	30.2	31.8	33.3	36.0	+2.9
Upper-Income Families with Children <sup>2</sup>	91.0	90.6	91.9	92.0	92.9	+1.9	81.5	75.1	82.6	78.8	80.2	-1.3
Upper-Income Nonelderly, No Children	71.8	79.6	82.0	83.2	84.0	+12.3	58.8	62.7	59.7	63.0	67.1	+8.3
<b>LOW-COST BURDEN MARKETS</b>												
All Working Families with Children	67.8	64.4	68.6	68.0	73.4	+5.7	53.6	47.7	49.3	49.8	48.1	-5.6
Couples	70.4	69.6	74.3	73.4	79.8	+9.4	57.9	55.8	55.8	60.8	61.0	+3.1
Single Parent	49.3	47.8	56.7	58.4	59.3	+10.0	39.4	36.2	40.3	37.6	34.5	-4.9
Working <sup>1</sup> Households, No Children	47.5	48.7	56.8	57.3	61.7	+14.2	44.5	42.0	37.8	36.4	43.1	-1.4
Upper-Income Families with Children <sup>2</sup>	87.6	88.6	90.1	91.4	93.7	+6.2	80.7	78.9	75.5	76.9	84.9	+4.2
Upper-Income Nonelderly, No Children	77.5	79.4	86.2	86.5	89.0	+11.5	62.1	67.3	70.1	71.0	76.3	+14.2

<sup>1</sup>Earning no more than 120% of the local area median income but more than the full-time equivalent of the minimum wage (\$10,712).

<sup>2</sup>With income above 120% of local area median income.

**TABLE 8A**

**Homeownership and Housing Problems\* Among Working Households with and without Children (Percent)**

	1978	1991	1999	2001	2003	Percentage Point Change 1978–2003
<b>WORKING HOUSEHOLDS WITH INCOMES GREATER THAN FULL-TIME MINIMUM WAGE UP TO 80% OF LOCAL AREA MEDIAN INCOME</b>						
<b>Working Couples with Children</b>						
<b>Percent Homeowners</b>	61.2	58.1	59.8	60.9	63.5	+2.3
Percent of Owners with Moderate Cost Burden	24.0	23.3	26.9	29.0	27.1	+3.1
Percent of Owners with Severe Cost Burden	4.3	6.5	10.4	13.4	11.9	+7.6
<b>Percent of Owners with Critical Needs</b>	<b>6.8</b>	<b>9.1</b>	<b>12.0</b>	<b>15.0</b>	<b>13.0</b>	<b>+6.2</b>
Percent of Renters with Moderate Cost Burden	22.3	28.0	28.5	28.6	29.8	+7.5
Percent of Renters with Severe Cost Burden	1.9	5.1	8.2	9.2	10.9	+9.0
<b>Percent of Renters with Critical Needs</b>	<b>6.7</b>	<b>8.3</b>	<b>11.3</b>	<b>12.0</b>	<b>12.6</b>	<b>+5.9</b>
<b>Working Single Parents with Children</b>						
<b>Percent Homeowners</b>	<b>38.8</b>	<b>35.8</b>	<b>38.9</b>	<b>41.1</b>	<b>41.9</b>	<b>+3.1</b>
Percent of Owners with Moderate Cost Burden	32.2	24.2	31.2	32.1	32.2	+0.0
Percent of Owners with Severe Cost Burden	5.4	9.8	12.6	15.0	13.1	+7.7
<b>Percent of Owners with Critical Needs</b>	<b>8.1</b>	<b>12.2</b>	<b>13.5</b>	<b>16.5</b>	<b>14.0</b>	<b>+5.9</b>
Percent of Renters with Moderate Cost Burden	31.1	30.8	36.4	34.2	35.2	+4.1
Percent of Renters with Severe Cost Burden	2.2	9.1	11.9	14.3	13.6	+11.4
<b>Percent of Renters with Critical Needs</b>	<b>6.8</b>	<b>12.8</b>	<b>15.9</b>	<b>16.3</b>	<b>16.8</b>	<b>+10.0</b>
<b>Working Households without Children</b>						
<b>Percent Homeowners</b>	<b>35.6</b>	<b>38.1</b>	<b>40.6</b>	<b>42.5</b>	<b>46.5</b>	<b>+10.9</b>
Percent of Owners with Moderate Cost Burden	17.0	22.0	25.7	25.9	23.7	+6.7
Percent of Owners with Severe Cost Burden	4.0	7.6	11.3	15.2	13.3	+9.3
<b>Percent of Owners with Critical Needs</b>	<b>6.0</b>	<b>9.6</b>	<b>12.7</b>	<b>16.4</b>	<b>14.7</b>	<b>+8.7</b>
Percent of Renters with Moderate Cost Burden	26.8	29.0	31.5	32.6	31.6	+4.8
Percent of Renters with Severe Cost Burden	2.7	6.9	9.3	12.1	9.8	+7.1
<b>Percent of Renters with Critical Needs</b>	<b>6.5</b>	<b>10.7</b>	<b>11.9</b>	<b>15.0</b>	<b>12.4</b>	<b>+5.9</b>

\*See Technical Appendix for definitions of *cost burdens* and *critical needs*.

TABLE 8A (continued)

Homeownership and Housing Problems\* Among Working Households with and without Children (Percent)

	1978	1991	1999	2001	2003	Percentage Point Change 1978–2003
<b>WORKING HOUSEHOLDS WITH INCOMES GREATER THAN 80% MEDIAN UP TO 120% OF LOCAL AREA MEDIAN INCOME</b>						
<b>Working Couples with Children</b>						
Percent Homeowners	75.4	75.2	76.4	76.5	81.1	+5.7
Percent of Owners with Moderate Cost Burden	12.2	15.4	17.9	22.0	19.0	+6.8
Percent of Owners with Severe Cost Burden	0.8	1.5	2.7	3.5	2.8	+2.0
<b>Percent of Owners with Critical Needs</b>	<b>2.3</b>	<b>4.1</b>	<b>3.9</b>	<b>5.6</b>	<b>3.7</b>	<b>+1.4</b>
Percent of Renters with Moderate Cost Burden	6.8	6.0	5.5	7.1	4.7	-2.1
Percent of Renters with Severe Cost Burden	5.2	0.0	1.0	1.2	0.7	-4.5
<b>Percent of Renters with Critical Needs</b>	<b>4.6</b>	<b>3.0</b>	<b>4.5</b>	<b>3.7</b>	<b>2.5</b>	<b>-2.1</b>
<b>Working Single Parents with Children</b>						
Percent Homeowners	52.0	52.3	59.2	56.2	62.1	+10.1
Percent of Owners with Moderate Cost Burden	17.9	16.2	21.3	27.8	20.4	+2.5
Percent of Owners with Severe Cost Burden	1.5	2.1	2.9	2.9	2.2	+0.7
<b>Percent of Owners with Critical Needs</b>	<b>2.0</b>	<b>4.6</b>	<b>3.7</b>	<b>3.5</b>	<b>2.5</b>	<b>+0.5</b>
Percent of Renters with Moderate Cost Burden	9.7	7.1	10.2	8.9	8.2	-1.5
Percent of Renters with Severe Cost Burden	0.8	0.0	0.9	0.9	0.5	-0.3
<b>Percent of Renters with Critical Needs</b>	<b>5.6</b>	<b>4.7</b>	<b>3.9</b>	<b>2.3</b>	<b>3.8</b>	<b>-1.8</b>
<b>Working Households without Children</b>						
Percent Homeowners	45.6	49.1	52.1	53.6	60.8	+15.2
Percent of Owners with Moderate Cost Burden	10.7	15.3	18.1	22.6	18.8	+8.1
Percent of Owners with Severe Cost Burden	1.6	3.2	5.2	5.5	5.0	+3.4
<b>Percent of Owners with Critical Needs</b>	<b>3.1</b>	<b>4.8</b>	<b>6.5</b>	<b>6.8</b>	<b>6.3</b>	<b>+3.2</b>
Percent of Renters with Moderate Cost Burden	7.0	8.0	12.0	12.6	8.5	+1.5
Percent of Renters with Severe Cost Burden	0.3	0.2	1.7	1.9	1.0	+0.7
<b>Percent of Renters with Critical Needs</b>	<b>3.5</b>	<b>3.2</b>	<b>4.4</b>	<b>4.5</b>	<b>3.7</b>	<b>+0.2</b>

\*See Technical Appendix for definitions of *cost burdens* and *critical needs*.

**TABLE 8B**  
**Homeownership and Housing Problems\* Among Working Households with and without Children (Percent)**

	NON-HISPANIC WHITE					Percentage Point Change 1978–2003	MINORITY					Percentage Point Change 1978–2003
	1978	1991	1999	2001	2003		1978	1991	1999	2001	2003	
<b>WORKING HOUSEHOLDS WITH INCOMES GREATER THAN FULL-TIME MINIMUM WAGE UP TO 80% OF LOCAL AREA MEDIAN INCOME</b>												
<b>Working Couples with Children</b>												
Percent Homeowners	67.2	64.9	70.0	71.1	74.0	+6.8	45.2	41.6	46.1	48.2	48.7	+3.5
Percent of Owners with Moderate Cost Burden	25.6	22.4	25.4	28.6	25.4	-0.2	18.1	26.9	29.9	29.9	30.6	+12.5
Percent of Owners with Severe Cost Burden	4.3	5.7	9.1	12.2	11.2	+6.9	4.5	9.8	13.1	15.5	13.4	+8.9
Percent of Owners with Critical Needs	6.1	8.2	10.6	13.5	12.2	+6.1	9.5	12.4	14.8	17.7	14.8	+5.3
Percent of Renters with Moderate Cost Burden	24.7	24.5	21.8	25.5	23.1	-1.6	18.7	33.1	33.4	30.8	34.5	+15.8
Percent of Renters with Severe Cost Burden	2.3	4.2	6.0	7.9	7.7	+5.4	1.2	6.5	9.9	10.2	13.1	+11.9
Percent of Renters with Critical Needs	6.2	7.2	7.9	9.5	9.2	+3.0	7.3	9.9	13.8	13.7	15.0	+7.7
<b>Working Single Parents with Children</b>												
Percent Homeowners	44.7	4.6	48.0	51.1	53.3	+8.6	30.4	27.5	29.5	31.3	30.6	+0.2
Percent of Owners with Moderate Cost Burden	35.1	26.2	31.7	33.8	31.0	-4.1	25.6	20.0	30.3	29.9	34.3	+8.7
Percent of Owners with Severe Cost Burden	4.4	9.4	12.2	14.7	12.4	+8.0	7.7	10.5	13.2	15.6	14.3	+6.6
Percent of Owners with Critical Needs	6.4	11.8	13.0	16.4	13.4	+7.0	12.1	12.9	14.3	16.8	14.9	+2.8
Percent of Renters with Moderate Cost Burden	35.5	31.7	34.6	34.2	32.3	-3.2	26.2	29.9	37.7	34.2	37.1	+10.9
Percent of Renters with Severe Cost Burden	2.5	8.3	11.0	11.9	11.5	+9.0	1.8	9.9	12.7	16.1	15.0	+13.2
Percent of Renters with Critical Needs	4.8	11.1	13.6	13.5	13.6	+8.8	9.0	14.5	17.7	18.3	18.9	+9.9
<b>Working Households without Children</b>												
Percent Homeowners	37.5	42.4	45.3	48.0	53.3	+15.8	28.8	26.3	30.0	30.5	32.0	+3.2
Percent of Owners with Moderate Cost Burden	15.5	21.8	25.2	25.9	23.3	+7.8	22.9	23.0	27.3	26.2	24.9	+2.0
Percent of Owners with Severe Cost Burden	4.0	7.2	11.1	14.5	12.5	+8.5	4.1	9.8	12.0	17.8	16.3	+12.2
Percent of Owners with Critical Needs	5.5	8.8	12.1	16.0	13.8	+8.3	8.1	13.5	14.8	17.8	18.1	+10.0
Percent of Renters with Moderate Cost Burden	28.2	27.2	31.5	31.5	28.7	+0.5	23.0	32.9	31.4	34.2	36.0	+13.0
Percent of Renters with Severe Cost Burden	3.1	7.1	9.2	12.1	9.6	+6.5	1.6	6.4	9.4	12.1	10.5	+8.9
Percent of Renters with Critical Needs	5.6	10.3	11.7	13.7	11.6	+6.0	8.8	11.6	12.3	17.0	13.6	+4.8

\*See Technical Appendix for definitions of *cost burdens* and *critical needs*.

TABLE 8B (continued)

## Homeownership and Housing Problems\* Among Working Households with and without Children (Percent)

	NON-HISPANIC WHITE					Percentage Point Change 1978–2003	MINORITY					Percentage Point Change 1978–2003
	1978	1991	1999	2001	2003		1978	1991	1999	2001	2003	
<b>WORKING HOUSEHOLDS WITH INCOMES GREATER THAN 80% MEDIAN UP TO 120% OF LOCAL AREA MEDIAN INCOME</b>												
<b>Working Couples with Children</b>												
Percent Homeowners	78.7	78.8	80.8	81.8	84.3	+5.6	59.4	59.4	64.0	64.5	72.7	+13.3
Percent of Owners with Moderate Cost Burden	12.8	14.8	17.3	22.2	18.2	+5.4	8.3	18.7	20.1	21.3	21.6	+13.3
Percent of Owners with Severe Cost Burden	0.9	1.2	2.6	3.5	2.3	+1.4	0.0	3.0	3.1	3.7	4.1	+4.1
Percent of Owners with Critical Needs	2.2	3.9	3.8	5.3	3.2	+1.0	3.2	5.2	4.5	6.6	5.2	+2.0
Percent of Renters with Moderate Cost Burden	8.8	5.5	4.9	6.5	5.5	-3.3	1.7	7.1	6.4	7.8	3.6	+1.9
Percent of Renters with Severe Cost Burden	0.3	0.0	1.3	1.0	0.4	+0.1	0.0	0.0	0.7	1.5	1.1	+1.1
Percent of Renters with Critical Needs	3.8	2.8	3.5	3.5	1.7	-2.1	6.8	3.6	5.9	4.0	3.6	-3.2
<b>Working Single Parents with Children</b>												
Percent Homeowners	52.7	57.1	63.7	64.4	68.6	+15.9	49.7	42.0	51.9	42.0	51.5	+1.8
Percent of Owners with Moderate Cost Burden	19.8	18.9	21.3	30.5	21.2	+1.4	11.6	8.1	21.3	20.7	18.7	+7.1
Percent of Owners with Severe Cost Burden	2.0	2.3	2.2	3.1	2.0	+0.0	0.0	1.6	4.4	2.6	2.6	+2.6
Percent of Owners with Critical Needs	2.3	4.5	2.8	3.4	2.4	+0.1	1.1	5.0	5.6	3.8	2.9	+1.8
Percent of Renters with Moderate Cost Burden	13.3	10.0	4.9	10.8	5.3	-8.0	0.0	2.6	10.5	6.9	11.3	+11.3
Percent of Renters with Severe Cost Burden	1.0	0.0	0.0	1.2	0.7	-0.3	0.0	0.0	2.0	0.7	0.3	+0.3
Percent of Renters with Critical Needs	4.1	3.5	1.3	2.3	2.9	-1.2	10.0	6.5	7.1	2.3	4.8	-5.2
<b>Working Households without Children</b>												
Percent Homeowners	47.1	51.6	56.6	58.5	64.5	+17.4	38.3	38.7	38.6	40.0	48.9	+10.6
Percent of Owners with Moderate Cost Burden	10.4	15.5	17.9	22.5	18.2	+7.8	12.4	13.6	19.2	23.1	21.7	+9.3
Percent of Owners with Severe Cost Burden	1.8	3.1	5.0	5.2	4.9	+3.1	0.8	3.5	6.5	7.1	5.0	+4.2
Percent of Owners with Critical Needs	3.0	4.8	6.0	6.7	6.2	+3.2	3.8	4.7	8.4	7.1	6.7	+2.9
Percent of Renters with Moderate Cost Burden	8.0	8.0	13.7	12.7	8.4	+0.4	2.7	8.1	8.3	12.3	8.6	+5.9
Percent of Renters with Severe Cost Burden	0.4	0.2	1.6	1.9	0.9	+0.5	0.0	0.3	1.8	1.8	1.0	+1.0
Percent of Renters with Critical Needs	2.9	2.6	3.9	3.6	3.5	+0.6	6.1	5.3	5.5	6.3	4.0	-2.1

\*See Technical Appendix for definitions of *cost burdens* and *critical needs*.



## APPENDIX B

### *Definitions and Technical Notes*





## Technical Definitions Used to Estimate Homeownership Rates and Housing Needs for Working Families with Children and Other Households from the 1978–2003 *American Housing Survey* (AHS) Data.

**AMERICAN HOUSING SURVEY (AHS)** — The AHS is a national survey of housing units carried out every other year by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. In 1978, the AHS was known as the *Annual Housing Survey*.

**SAMPLE SIZE**—The analyses of Working Families with Children in this report were based on a sample size of 8,985 households in 2003. Similar sample sizes were available for previous years, including 8,517 in 1978.

**WORKING FAMILY** — A household with: 1) total earnings from wages and salaries of at least the full-time minimum wage equivalent of \$10,712; 2) wages and salaries representing at least half of household's income; and 3) total household income less than or equal to 120 percent of HUD-adjusted area median family income.

*Working Families with Children* have one or more children aged below 18, and comprise approximately 47.5 percent of all working families. *Working Households without Children* (approximately 52.5 percent) have no household members below age 18. Of the latter group, about 44.2 percent are single-person households.

**UPPER-INCOME** — Households with income above 120% of HUD-adjusted area median family income.

**MINORITIES**—Procedures for identifying minorities in the *American Housing Survey* were changed in 2003 to allow households to identify multiple race and ethnicity categories. White, Black and Asian/Other are Non-Hispanic since Hispanics may be of any race. Asian/Other includes Pacific Islanders, Aleuts and Native Americans. Therefore, to maintain consistency, and to allow a large enough sample for subset analyses, all Hispanic, Black and Asian/Other households have been grouped into one category “Minority” for the Minority and non-Hispanic “White” comparisons.

**INCOME** — Income in AHS is based on the respondent's reply to questions about income during the 12 months prior to the interview. It includes amounts reported for wage and salary income, net self-employment income, Social Security or railroad retirement income, public assistance or welfare payments, and all other money income, prior to deductions for taxes or any other purpose.

**HOUSEHOLD INCOME** — Reported income from all sources for all household members.

**WAGE INCOME** — Reported income from wages and salary only for all household members.

**SEVERE COST BURDEN** — Housing costs exceeding 50 percent of reported income.

**MODERATE COST BURDEN**—Housing costs exceeding 30 percent and up through 50 percent of reported income.

**SEVERELY INADEQUATE HOUSING** — Housing with severe physical problems (such as lack of reliable plumbing or heating, or faulty wiring), as defined in the AHS since 1984.

**CRITICAL HOUSING NEEDS** — Household pays more than half of income for housing and/or lives in severely inadequate housing.

**FAMILIES WITH MARGINAL EARNINGS** — Households with at least \$2,678 but less than \$10,712 in salary and wage income.

**MARKET TYPES**—For the analysis of homeownership rates by market type, all areas identified by the AHS were categorized as being “high-”, “medium-” or “low-cost” markets based on the median cash housing costs of homeowners in that locality relative to the local median income of homeowners.



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