

# Housing-Cost Burden Among U.S. Renters

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## TAKEAWAYS

Housing-cost burden occurs when housing costs exceed 30% of a household's pretax income; severe cost burden is defined as housing costs exceeding 50% of a household's pretax income.

Since 1970, housing-cost burden has become pervasive, frequent, and persistent for an increasing number of U.S. households.

Rental households in this survey saw a nearly 20% increase in inflation-adjusted rent prices, while incomes for the same households fell by more than 10%.

Increases in the prevalence of housing-cost burden have been driven by increased entries into cost-burden status and longer duration spells.

Stark racial and socioeconomic disparities emerge on all measures of housing-cost burden among renters.



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## Housing affordability is a persistent and serious struggle for

many rental households in the United States. Housing-cost burden, as examined in our recent paper—*The dynamics of housing cost burden among renters in the United States*—is a measure of financial precarity defined as spending 30% or more of a household's pre-tax income to pay for housing.<sup>1</sup> A household faces severe housing-cost burden when spending 50% or more of household income on housing. Almost half of all rental households in the United States faced housing-cost burden in 2019.<sup>2</sup>

Because “the rent eats first,” households that face housing-cost burden may reduce or cut spending on other important household expenses.<sup>3</sup> Impacts of housing-cost burden can include higher stress, lower life satisfaction, decreased geographic stability, lower housing quality, reduced spending on household necessities, and negative impacts on children in the home.<sup>4</sup>

Drawing on 50 years of data, we examined the dynamics of renters' experiences with housing-cost burden in the United States. The dynamics of housing-cost burden, we find, stand in contrast to typical experiences of poverty. Despite common narratives about the chronic persistence of poverty, about 75% of poverty spells are less than one year in length.<sup>5</sup> Compared to the relatively episodic nature of financial precarity for most households, spells of housing-cost burden are more long-lasting and persistent.

## Data and Research Questions

Using longitudinal data from the Panel Study of Income Dynamics (PSID) from the years 1970 to 2019, we analyzed patterns of housing-cost burden among renter heads-of-household nationwide. Results and their implications for our analysis were guided by two central research questions:

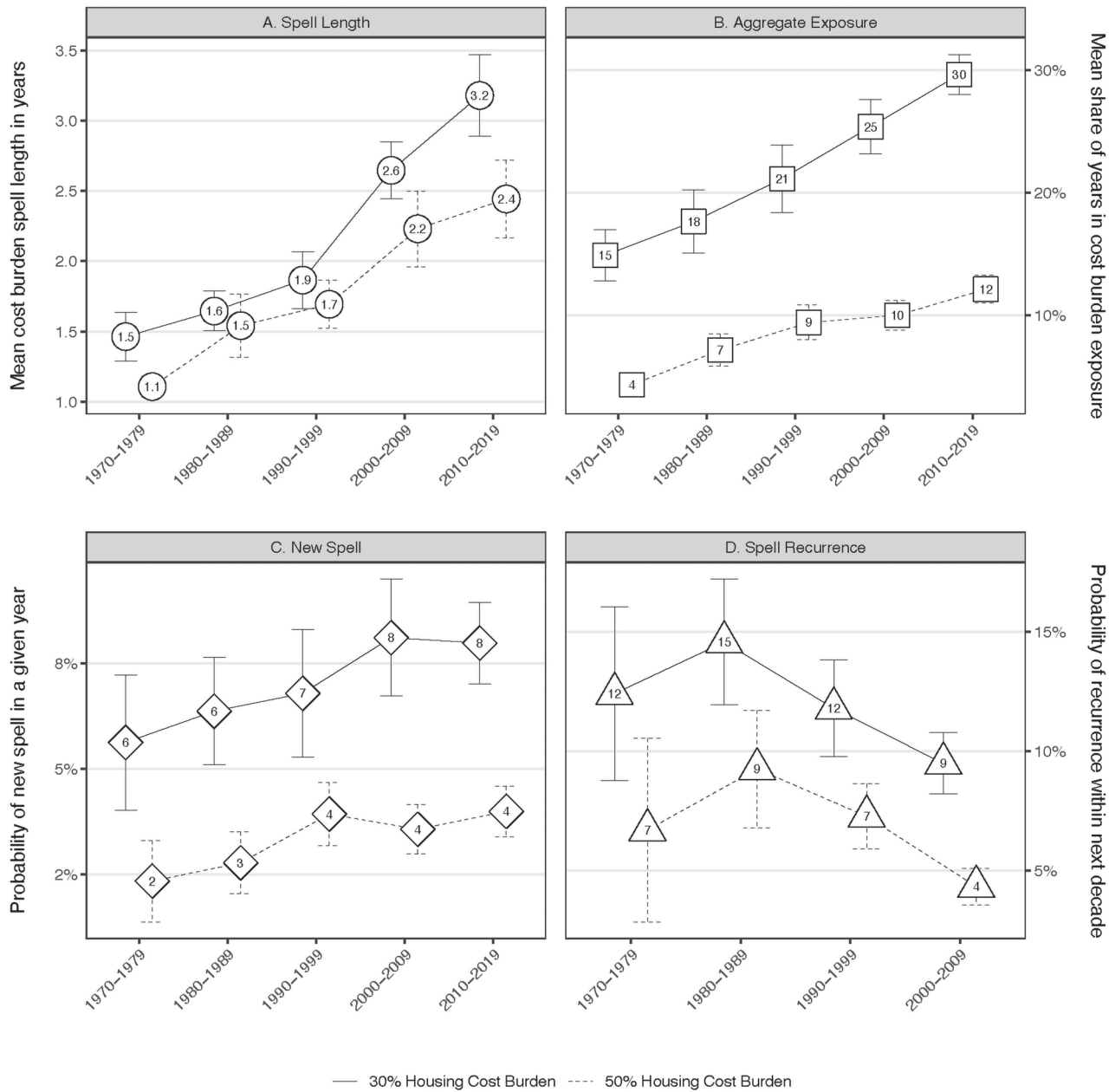
1. What are the relative contributions of changes in households' likelihood of entering, exiting, and re-entering this state to the growing prevalence of housing-cost burden?
2. To what extent do these mechanics of housing-cost burden differ by race and socioeconomic status?

The prevalence of housing-cost burden has steadily increased since 1970, effectively doubling by 2019.<sup>6</sup> In short, renters now face cost burdens for longer spells, experience longer cumulative exposure, and face higher rates of recurrence. We also find that experiences of housing-cost burden are not evenly distributed. Socioeconomic disparities combined with geographic variations create large pockets of chronic cost-burden status households.

## Dynamics of Housing-Cost Burden

To address our first research question, we draw from four distinct measures of housing-cost burden: cost-burden spell

Figure 1. Summary of housing-cost burden dynamics, 1970 to 2019.



**Note:** Bars represent 95% confidence intervals; solid line series denote cost burden based on 30% rent-to-income threshold while dotted line series represent a 50% rent-to-income threshold.

**Source:** Colburn et al. (2024). The dynamics of housing cost burden among renters in the United States. *Journal of Urban Affairs*.

length, aggregate (cumulative) exposure, the likelihood of a new spell in a given year, and probability of recurrence within the next decade. Trends for these measures over the past five decades are shown in Figure 1.

The average duration of a housing cost burden spell doubled over our study period, as seen in Panel A. A spell is defined as uninterrupted exposure to a given state, in this case the state of housing-cost burden. In the 1970s, average spell duration was about 1.5 years but by the 2010s the typical length of cost burden spell was over 3 years. For severe housing-cost burden, average spell length also doubled, from 1.1 years in the 1970s to 2.4 years in the 2010s.

Aggregate exposure, or overall time spent in a cost-burdened state during a decade, also increased significantly, as seen in Panel B. While households in the 1970s spent about 15% of their time in cost-burdened status, this rose to 30% by the 2010s. Aggregate exposure to severe housing-cost burden tripled in this same period.

The probability of households facing a new experience of housing-cost burden also increased, though less dramatically. As shown in Panel C, the probability of experiencing a new spell of housing-cost burden in the 1970s was about 6%, rising to 8% by the 2010s. The probability of facing a new spell of severe housing-cost burden doubled, from about 2% in the 1970s to 4% in the 2010s.

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The significant increase in overall exposure to housing-cost burden is best understood by the doubling of average spell length from the 1970s to the 2010s.

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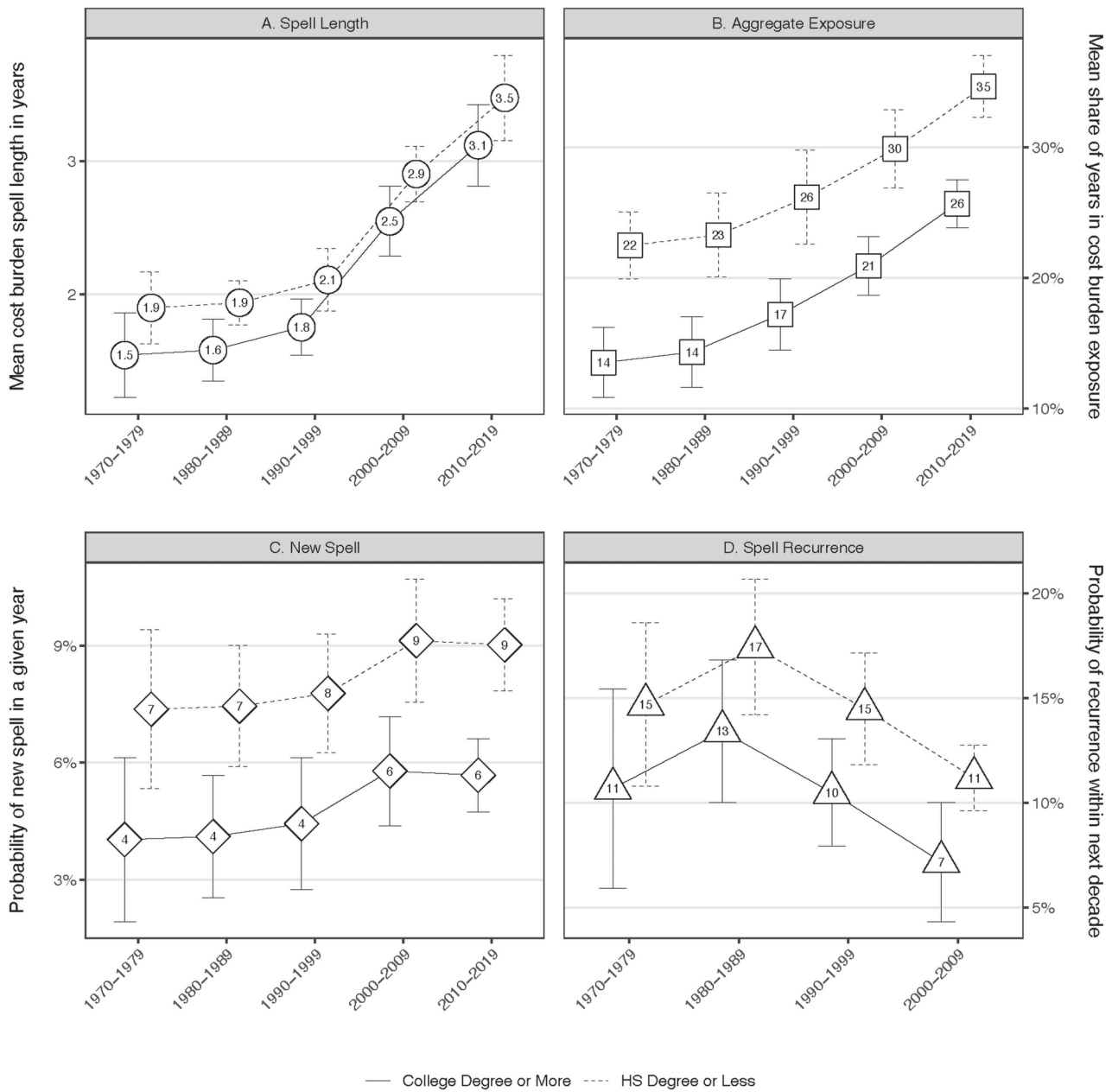
Change in the probability of recurrence within each decade is shown in Panel D (this measure excludes 2010–2019). From 2000–2009, 9% of households faced a subsequent spell of housing-cost burden after experiencing a previous spell at some point in the decade. This is a small but nontrivial number of households. When combined with increased spell lengths and the increase in the likelihood of new spells, these factors help to explain the sharp rise in the prevalence of housing-cost burden over the past 50 years.

## Variations by Education and Race

Our second research question focused on variations in the dynamics of housing-cost burden by educational attainment and race. The results highlight that households headed by a person without a college degree face longer duration spells, greater overall exposure, and are more likely to encounter new spells of housing-cost burden. These disparities, as seen in Figure 2, have been relatively consistent over the past 50 years.

Patterns of housing-cost burden—disaggregated by race—are consistent with patterns based on formal education. As shown in Figure 3, households of color, on average, face spells of housing-cost burden about 6 months longer than White households. Aggregate exposure to housing-cost burden was also significantly higher for households of color (Panel B). While overall exposure to housing-cost burden for White households was 26% in the 2010–2019 period, overall exposure was 34% for households of color.

Figure 2. Summary of housing-cost burden dynamics, by level of formal education.



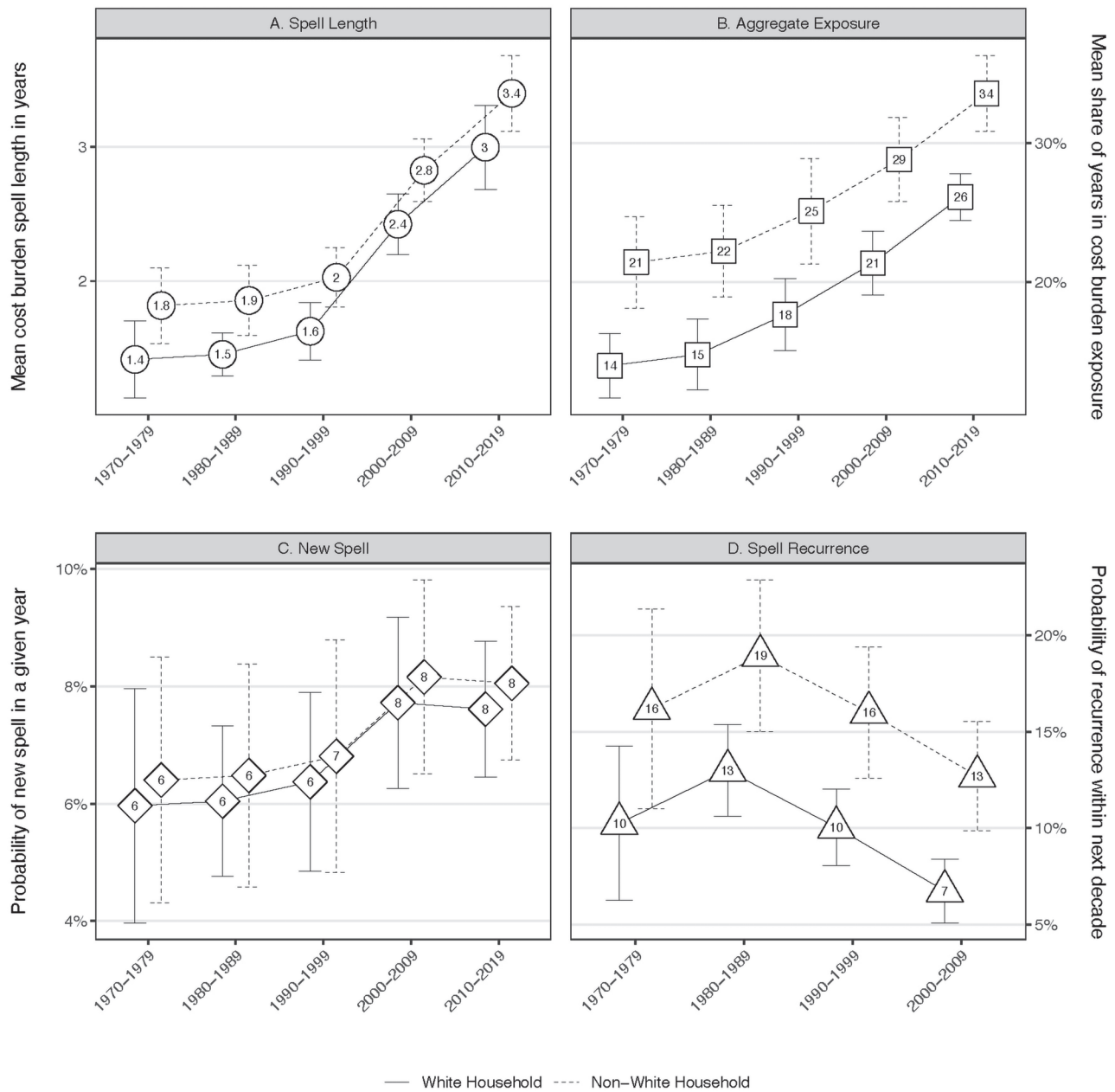
Source: Colburn et al. (2024). The dynamics of housing cost burden among renters in the United States. *Journal of Urban Affairs*.

### IRP Related Resource



Webinar: Housing and Climate Change. Max Besbris, Amy Chester, Ivis Garcia Zambrana, & James Elliott. October 2022. <https://www.irp.wisc.edu/resource/housing-and-climate-change/>

Figure 3. Summary of housing-cost burden dynamics, for White and non-White households.



Source: Colburn et al. (2024). The dynamics of housing cost burden among renters in the United States. *Journal of Urban Affairs*.

## Policy Implications and Conclusion

This research has confirmed steady increases in exposure to housing-cost burden throughout the United States over the past 50 years. This increase has been driven by longer spells of cost burden, greater aggregate time spent in a cost-burdened status, increased risk of entry into housing-cost burden, and rising rates of spell recurrence. Results also demonstrate deep disparities across racial and socioeconomic lines.

Housing-cost burden is a persistent and growing challenge for an increasing number of renters in the United States. The need for robust policy action to address housing affordability is vital. Policy responses focused on long-term support rather than short-term benefits will likely be more effective in addressing root causes of housing unaffordability and in correcting for systemic disparities among racially- and economically-marginalized populations. The central policy issue, as we see it, is not a lack of housing policies, but rather the inadequate scale of those that exist. In short, households with demonstrable need for help have difficulty receiving support. In fact, only about 25% of households eligible for federal housing support receive it.<sup>7</sup> Expanding existing housing policies to better support households with low incomes over longer periods of time is necessary to address the growing problem of unaffordable housing.<sup>8</sup> ■

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<sup>1</sup>Colburn, G., Hess, C., Allen, R., & Crowder, K. (2024, Jan. 09). The dynamics of housing cost burden among renters in the United States. *Journal of Urban Affairs*. <https://doi.org/10.1080/07352166.2023.2288587>

<sup>2</sup>Fernald, M. (2020). *The State of the Nation's Housing 2020*. Joint Center for Housing Studies at Harvard University. <https://www.jchs.harvard.edu/state-nations-housing-2020>

<sup>3</sup>Desmond, M. (2016). *Evicted: Poverty, and Profit in the American City*. Penguin Random House.

<sup>4</sup>Acolin, A., & Reina, V. (2022). Housing cost burden and life satisfaction. *Journal of Housing and the Built Environment*, 37(4), 1789–1815. <https://doi.org/10.1007/s10901-021-09921-1>; Holme, J. J. (2022). Growing up as rents rise: How housing affordability impacts children. *Review of Educational Research*, 92(6), 953–995. <https://doi.org/10.3102/00346543221079416>

<sup>5</sup>Edwards, A. N. (2014). *Dynamics of Economic Well-Being: Poverty 2009–2011*. United States Census Bureau. [www.census.gov/hhes/www/poverty](http://www.census.gov/hhes/www/poverty)

<sup>6</sup>Chan, S., & Jush, G. K. (2017). *2017 National rental housing landscape: Renting in the nation's largest metros*. NYU Furman Center.

<sup>7</sup>Ellen, I. G. (2020). What do we know about housing choice vouchers? *Regional Science and Urban Economics*, 80, 1–5. <https://doi.org/10.1016/j.regsciurbeco.2018.07.003>

<sup>8</sup>Acosta, S. (2022, Dec. 02). *Final 2023 funding bill should support, expand housing vouchers*. Center on Budget and Policy Priorities. <https://www.cbpp.org/blog/final-2023-funding-bill-should-support-expand-housing-vouchers>