

Housing Inequality

Housing inequality is the difference in the quality of housing that exists within a given society. Housing inequality is directly related to concepts of racial inequality, social inequality, income inequality, and wealth inequality. In addition, it is the result of a number of different factors including natural market forces - the supply and location of houses and who wants to buy a house - housing discrimination, and housing segregation.

Housing inequality is also often linked to discussions of poverty because it can be seen as both a cause and an effect of poverty.

Housing Inequality and Economic Inequality Are Connected

Housing inequality is a type of economic inequality. Housing inequality can influence the availability of other factors that influence a person's life. Income does not always lead to better health care, education, and happiness. The quality of one's housing is one factor that determines if better health care, better education, and improved happiness are available to an individual.

What other factors in a person's life can housing inequality affect?

Causes of Housing Inequality

In the United States, the wealth gaps between African Americans and other groups are likely causes of the housing **disparity** between African Americans and the rest of America. Obstacles exist that have prevented blacks from accumulating wealth. Historical factors such as slavery and racial segregation have constrained African Americans from gaining and accumulating assets. As a result, African Americans have had a difficult time getting high quality housing. Racial discrimination still plays a role in housing searches. Black and Hispanic households must pay higher search costs, accept lower quality housing, and live in lower quality neighborhoods due to discrimination in the search process. One study found that 20% of potential moves made by black households and 17% of potential moves made by Hispanic households were limited by existing discrimination within the housing search process.

Effects of Housing Inequality

The most direct effect of residential inequality is an inequality of neighborhood **amenities**. Neighborhood amenities include factors such as the conditions of surrounding houses, the availability of social networks, the amount of air pollution, the crime rate, and the quality of local schools. A neighborhood with a certain quality of amenities typically has individual residences of similar quality. It follows then that those with lower incomes usually end up living in areas with poor amenities in order to gain housing with enough space for their needs. Many studies suggest that growing up in a high poverty neighborhood affects social and economic outcomes later in life. Another way that the poor compete in the competition for housing that is large enough to meet their needs is by renting homes rather than buying them. The effects of housing inequality

are necessarily related to economic inequality as they greatly affect the freedoms available to an individual.

Lower income families sacrifice what in order to get housing large enough to meet their needs?

Fixing Housing Is Key to Addressing Income Inequality

The number of households paying more than half their income on rent is rising

As the nation's population grows over the next 15 years, new renters will outnumber homeowners, with nearly six in 10 new households renting their homes, according to a [forecast](#) by the Urban Institute. At the same time, the number of renter households paying more than half their income on rent could rise as high as 14.8 million by 2025, up from 11.8 million this year. The economic crisis caused by the pandemic has influenced this as many younger people have had to put off buying their first homes.

Few realize how many of our neighbors are on the brink of becoming homeless. Financially strapped families face daily challenges: Buy groceries or put gas in the car? Pay the electric bill or buy medicine? Families who can barely afford their rent face disaster if there's an unexpected hit to their income. This is a major factor in the spike in homelessness.

Why is it getting harder to be a renter in America?

Tight standards for mortgage loans and high home prices have locked many who desire to buy a house out of the market. At the same time, much of the new rental construction has been [focused](#) on luxury apartments. A scarce supply of affordable rental options has resulted in historically low vacancy rates and skyrocketing rents. Meanwhile, wages for most low- and middle-income households are not growing..

Currently, the government assists high-income homeowners through **subsidies**. Those who are financially comfortable are able to deduct mortgage interest and property taxes from their income on their taxes. The tax cuts during President Trump's term limited these subsidies a bit. These subsidies have favored home ownership over renting. As a result, renters have it much more difficult.

What are some factors that are hurting those who need to rent in the US economy?