

HOUSING COSTS HIT HOME

Some groups may find Iowa's cost of living more affordable than others.

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When Americans think of unaffordable places to live, Iowa may not be one of the first places that comes to mind. As a general rule, that's correct.

The factor used to determine the affordability of a place is called the cost of living. The cost of groceries, childcare, transportation, health care, housing, utilities and other basic necessities are calculated for a certain area to determine the cost of living.

A quick look at CNN Money's cost of living calculator shows that the cost of living in one of Iowa's cities is comparable to living in St. Louis or Minneapolis and is cheaper than many other Midwestern cities. America's Housing Report, a study done by the Joint Study for Housing Studies at Harvard University, showed that the cost of living in Des Moines was lower than many other cities. The study also found that the rent was increasing at a slower rate than the national average.

Even so, the cost of living in Iowa is not inconsequential. The Housing Report found that Des Moines and other Midwestern cities like Kansas City, Tulsa and Wichita had some of the lowest number of renters that were spending more than 30 percent of their income on rent in 2014.

However, two out of five renters in those cities were still spending more than 30 percent of their income on rent each month. Two of the biggest factors in determining the cost of living are housing and utilities.

"For people on the lower half of the pay scale, rent and utilities can take up over half of their income," says Ehren Stover-Wright, research director at the Institute for Community Alliances. He mentioned that rent and utilities can sometimes cost residents up to 70 percent of their

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income.

Josh Hellyer from the Polk County Housing Trust Fund explained that they, like the study done at Harvard, consider anyone who pays more than 30 percent of their income toward housing to be living in a place that is unaffordable for them. PCHTF helps ensure affordable housing by granting subsidies to developers to build low-income housing with a contract

that says it must remain affordable housing for 20 to 30 years.

For people working in call centers or big box stores, where the income is about \$20,000-30,000 a year, Hellyer pointed out that would mean only spending about \$500 on rent per month. "There are not a lot of \$500 rents here," he said. That puts many of the lowest income people in Polk County in a difficult position.

Research conducted by the PCHTF shows that 87 percent of households in the extremely low-income category are spending more than 30 percent of their income on housing. The extremely low-income category is the percent of the population making 30 percent or less of the median income for the area. On average, extremely low-income households in Polk County spend 67 percent of their income, or \$626 per month, on housing.

Hellyer also mentioned that minorities, especially immigrants and refugees, are more likely to have lower-paying jobs. One reason for the disproportionate effect on minorities is due to the difficulty immigrants have finding employment because of a language barrier.

Stover-Wright expressed that he has seen a larger proportion of

the African-American and Hispanic populations struggle with homelessness compared to the overall percent of the population that experiences homelessness. Even though minorities are disproportionately affected by homelessness, both Stover-Wright and Hellyer stressed that the majority of the population struggling to afford housing is white. They said most people facing homelessness are white despite the disproportionate effect on minorities because Iowa's population is primarily white. The Oakridge Neighborhood affordable housing units are an exception. Hellyer noted that almost two-thirds of the residents who live there are part of a minority group.

Opening Doors is a yearly celebration of those who overcame homelessness in Des Moines. The celebration also acts a fundraiser that helps to provide housing assistance. Stover-Wright, who works with Opening

Doors, has seen firsthand the difficulty immigrants can have finding affordable housing.

He told the story of an immigrant family he met through Opening Doors that struggled to find affordable housing after the family broke up. The family ended up homeless. The mother, a legal immigrant, told Stover-Wright it was difficult for her to afford family activities when she only had 30 percent of her income left after she paid the rent. Stover-Wright acknowledged that extra costs that most families can afford, like team meals and uniforms, become unaffordable for families that have so little income left after they pay for housing.

The woman who Stover-Wright talked about found affordable housing through Habitat for Humanity. However, she still has to make payments toward her new house. She was able to pay off part of the house through sweat equity, where she works with Habitat for Humanity in exchange for them reducing her debt.

The shortage of affordable housing Stover-Wright stressed is worsened when considering that much of the low-income housing is not available near the area where people with low incomes are working. Living downtown is nice, but it is just not affordable.

"There is just not enough affordable housing," Stover-Wright says. He said that housing farther away from where people work raises the cost of living in

other ways by forcing them to spend more on transportation to get to and from work.

Stover-Wright indicated that the reason housing in Des Moines can cost such a large percentage of the earnings of lower-income people is because the housing market in Des Moines is geared toward people who are making starting salaries at businesses like Wells Fargo.

The cost of living report issued by the Iowa Policy Project shows that the cost of living for a single-parent household with two children in 2013 was about \$47,800. The report shows the cost of living has remained relatively stable. In 2015, a single parent household with two kids between the ages of 6 and 11 needed about \$46,500 to pay for the basic necessities. While the numbers have remained stable, they are still well above the wage that many people in the Des Moines area are making.

The United States Census Bureau found that almost 20 percent of people in Des Moines are living in poverty. The Bureau defined poverty as a household that is making less than the threshold amount needed to afford the cost of living for a family of that size.

Hellyer said he has heard a number of people say job training is the answer to the problem of unaffordable housing. Providing more job training allows people to get higher paying jobs that allow them to afford housing.

"What that neglects is someone is still going to work those lower paying jobs," Hellyer remarked. He thinks the best solution to the cost of living that is unaffordable to some is to raise wages across the board. However, he also thinks that the likelihood that incomes will increase enough to eliminate the problem is slim.

Job training and education may



not be the long term, wide-reaching solution to ending homelessness for people in Iowa, but organizations working to reduce homelessness realize that education can play an important role in the lives of individuals.

Iowa Homeless Youth Centers is a nonprofit organization that focuses on helping youth and young mothers who are homeless. Education and instruction in life skills are two of the main goals of the organization, along with employment, safe housing and positive community engagement. Over 96 percent of youth who entered IHYC supportive housing programs without a high school diploma were enrolled in or completed a diploma or high school equivalency program by the time they finished the program. IHYC also has an initiative to encourage young adults who already have their high school diplomas or an equivalency to earn their associate's degree or a certificate of completion from a trade program.

Hellyer believes that helping people find affordable housing is one of the best ways to help low income families out right now. He commented that society will end up helping those who make a smaller income one way or another by paying for things like emergency room care when they don't have health insurance.

"Giving people a stable place to call home is one of the best things you can do," Hellyer says.

Stover-Wright agreed that stable housing is one of the best ways to ensure that all of the people's basic necessities are being met.

"We have plenty of money," he says. "We are a rich city." Stover-Wright believes that housing has been made more affordable before and that it can happen again. "It's just a policy decision."

When the Randolph Hotel, which was being used as low-income hous-

ing, was closed in 2013 and turned into apartments, it displaced almost 100 people. Stover-Wright also pointed to the 2015 announcement that the Mercy Park apartments would be demolished in order for Mercy Medical Center to expand as another example of Des Moines losing low cost housing at the expense of residents who needed rent at affordable prices. News reports covering the expansion project said that 200 people were being forced to find new housing after the news of the

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impending demolition.

The Mercy Park apartments were old, but the demolition still made the affordable housing market tighter and more competitive. "That low-income housing has to go somewhere else, and there's nowhere else," Stover-Wright says.

Stover-Wright thinks that the problem of homelessness as a result of unaffordable housing in Des Moines is a problem that can be fixed. He thinks the best way to ensure everyone has housing is to tax the wealthier more and put the money toward low-income housing. However, he recognized that his answer might have been different if he had been talking about California or the Los Angeles area.

Hellyer also thinks that Des Moines can eradicate homelessness and that putting the most vulnerable in housing first is a good start. "I think that is going to solve the

problem faster than anything else," Hellyer says. A number of other cities have tried housing the most vulnerable first and have seen success come from the programs. If bigger cities can do it, so can Des Moines.

However, Hellyer noted that housing the lowest income earners would be a challenge, though not impossible. There are almost 40,000 households in Polk County that are classified as extremely low income by the Polk County Housing Trust Fund. Des Moines only has half as much housing as is necessary for the lowest income, and Hellyer commented that that is almost 10,000 units short.

Hellyer said that part of the reason for the shortage of affordable housing for those living with an extremely low income is the result of some of the cheapest housing being occupied by those with higher incomes. Materials from the PCHTF show that a household with a higher income is living in 47 percent of the housing units that households making an extremely low income can afford. PCHTF is working to encourage developers to build housing for that demographic.

The PCHTF receives state and federal funding through Housing and Urban Development, as well as from nongovernment sources like the National Housing Trust Fund. "The amount of money from HUD has been dwindling lately," Hellyer says, adding that funding has become scarcer since sequestration started.

Stover-Wright explained that it is important to keep focusing on ending homelessness and making the cost of living affordable for everybody because there is simply no one else advocating for the poor.