

Executive Summary

Heartland Center previously published a report on housing in Northwest Indiana focusing on affordability, adequacy, and accessibility. The report indicated, among other things, that rents vary across the region. Rents are lowest in Gary, Hammond and East Chicago. Despite lower rents, higher percentages of families in these areas pay more than 30 percent of their income for rent. Many people in Northwest Indiana are struggling to keep housing costs in line with household income.¹

Nearly 40 percent of renter households in East Chicago, Gary and Hammond are cost burdened, paying more than 30 percent of their annual income for housing and related expenses. That is more than the national average of 37 percent. While housing cost burdens have increased for many residents in the region, and affordability problems are found at all income levels, low-income households—those earning 80 percent or less of the Area Median Income (AMI)—are particularly affected. Extremely low-income households, those earning 30 percent of AMI, face the most severe problems. The number of extremely low-income families in East Chicago, Gary and Hammond is significantly greater than any of the other cities in Northwest Indiana. There is a severe shortage of housing for extremely low-income renter households in these cities, and the problem is getting worse.

The federal government currently provides a range of programs to address the needs of low-income households including supply-side programs that increase the number of housing units affordable to low-income families, and demand-side programs that directly assist households by reducing rent burden. Those programs that dominate the provision of units affordable to low-income families are Public housing, Section 8, Federal Block Grants and Low-Income Housing Tax Credit.

Federal housing subsidies help thousands of extremely low-income households in the region, but many more households still face significant housing challenges because housing programs have historically been under-funded and favor moderate-income households. Recent changes in federal housing policies have resulted in the loss of thousands of units affordable to the poorest households. The number of units lost is expected to increase. The federal government has enlisted state and local governments to manage the housing affordability crisis, but without adequate funding, states are left to make decisions about strategies that would be most effective given limited resources.

Solutions to the problem of the affordable housing crisis among extremely low-income renters require a multi-faceted strategy that involves income and housing policy and measures to both improve the economic well-being of low-income households, and to preserve and produce affordable units. Strategies to address the needs of extremely low-income renters in Northwest Indiana include:

- Expansion of funding for research, education, data gathering, and advocacy in the housing policy arena
- Affordable housing preservation focused on providing increased funding for current public housing stock
- Affordable housing production focused on providing increased funding for Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME) grants, and Low-Income Housing Tax Credit (LIHTC) developments
- Assistance to low-income families to reduce rent burden
- Help low-income families build wealth
- Link housing with essential supportive services