

# Divergence Between ACS-Reported Rent Burden and Administrative Data •

William Brownsberger and Regina Fink,  
Massachusetts State Senate

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# America's housing affordability crisis and the decline of housing supply

**L.A. housing prices expected to grow after fires amid already existing crisis**

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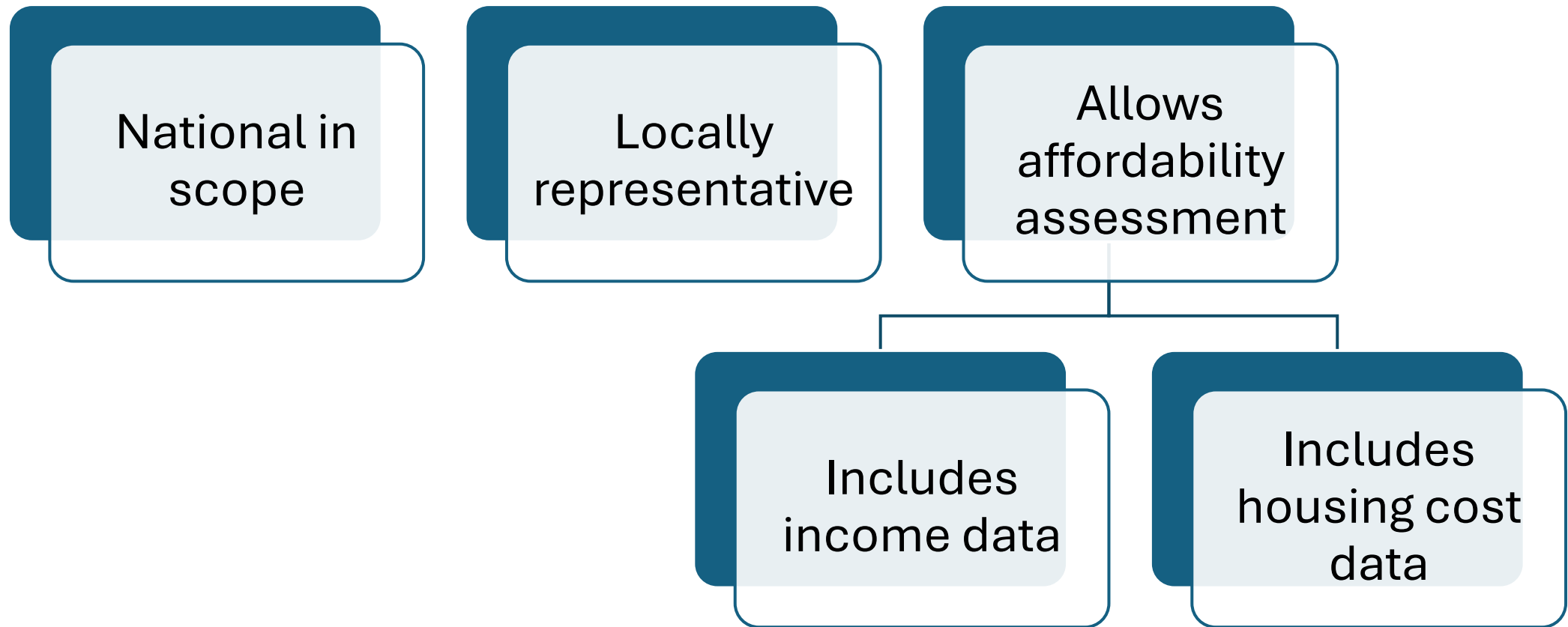
## *America's Affordable Housing Crisis*

The housing crisis is likely to be solved in cities and states, not Washington.

**The homebuying affordability gap is widening across the country, creating 'an impossible market'**

**Why are so many voters frustrated by the US economy? It's home prices**

# The American Community Survey is our central tool for measuring housing affordability.



# ACS-based affordability data is misleading for one population of central concern – low-income renters.



Deep literature shows that income often underreported among lowest and highest income respondents.

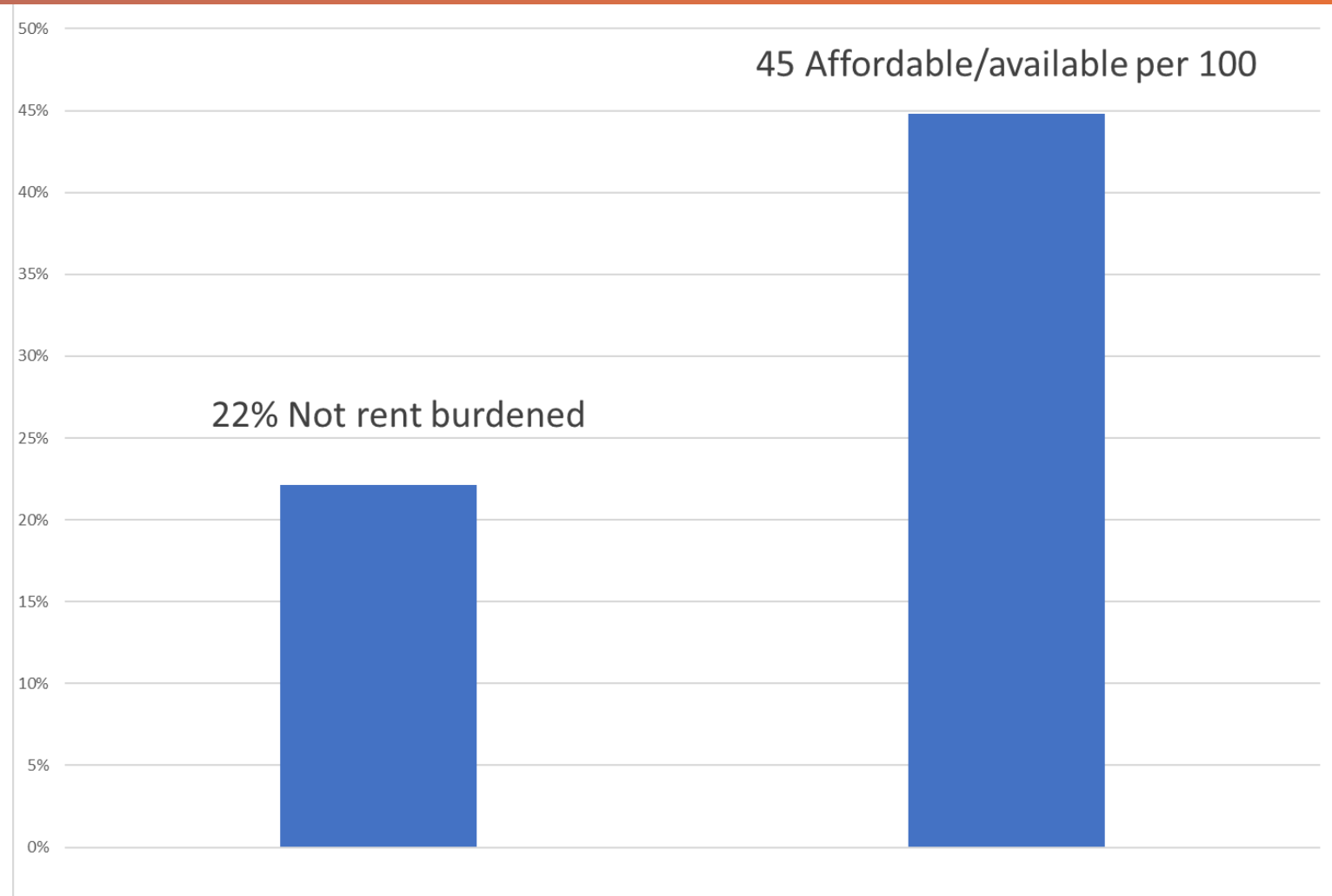
Census-to-HUD data match project showed that housing voucher holders often report tenant-total-payment instead of rent.

# Housing affordability vocabulary



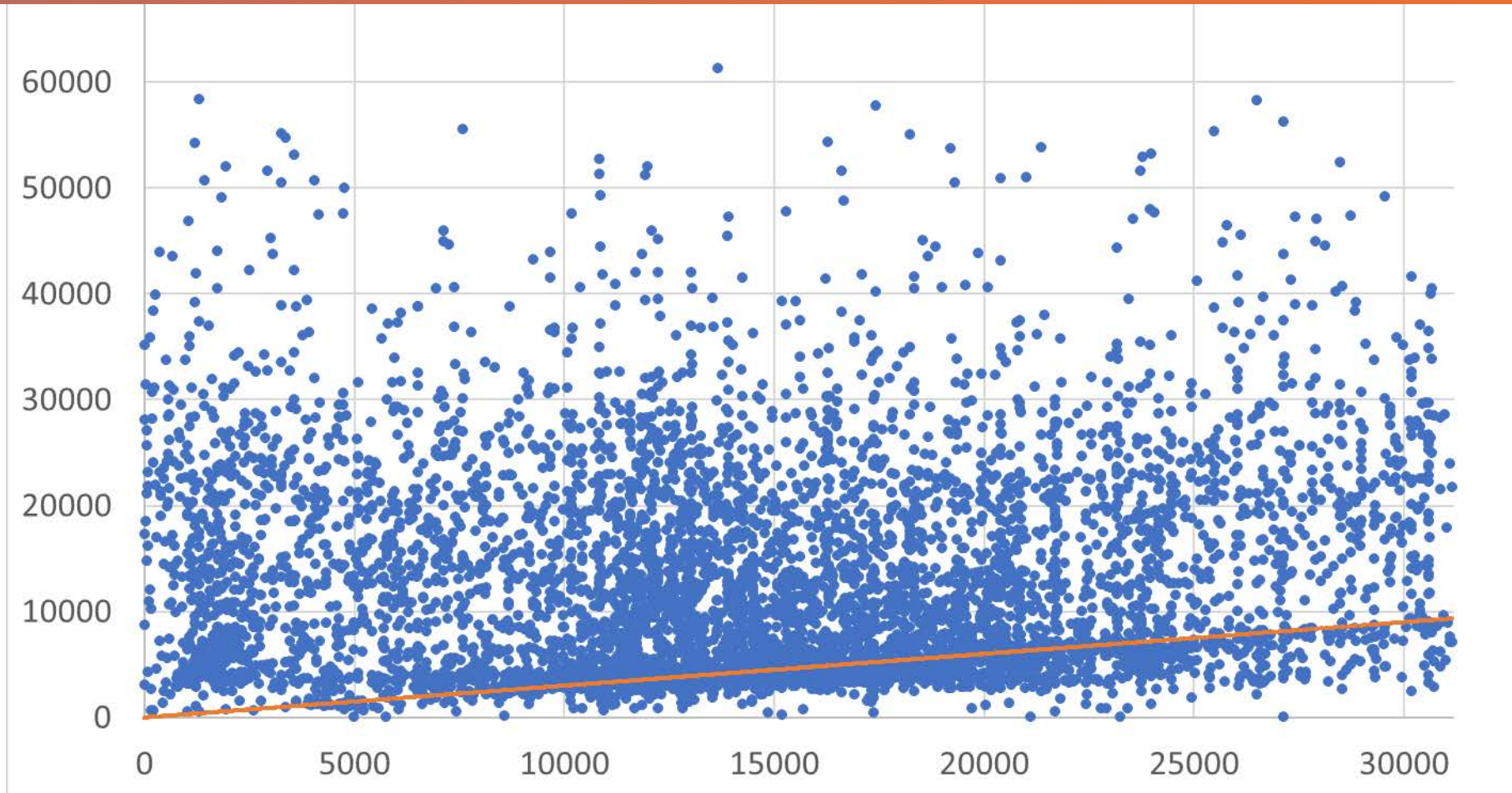
Term	Definition
Rent Burden	Gross rent as percent of household income
Rent Burdened	Rent burden over 30%
Extremely Low Income (ELI)	Household income under 30% of area median income
ELI affordable unit	Gross rent less than 30% of ELI threshold (<30% of 30% of AMI)
ELI affordable/available unit	ELI affordable and not occupied by non-ELI household
ELI affordable/available rate	ELI affordable/available units per 100 ELI households
Rent based on income (RBI) unit	Tenant rent subsidized to keep rent burden below 30%
Very Low Income	Household income under 50% of area median income (working poor)

For ELI households in the ACS, the share *not* rent-burdened is+ surprisingly low when compared to the affordable/available rate.



Extremely Low Income Households -- Rent Burdened vs. Affordable Housing Availability, Massachusetts, ACS 2023 5-year data

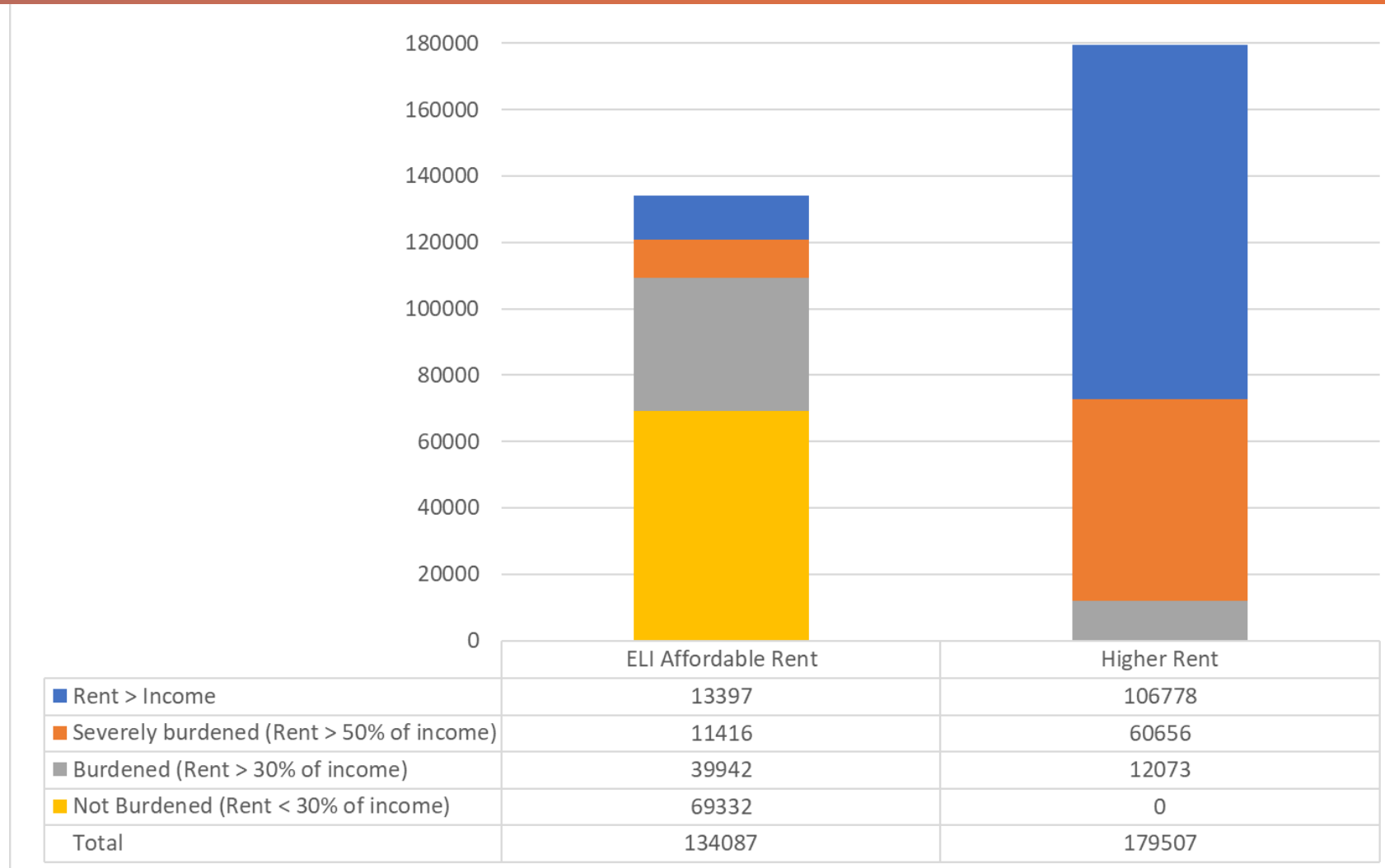
ACS microdata shows many ELI-households reporting rents that are far above their income. + • ○



Annual Household Income (x) vs. Annual Rent (y), Single Person ELI Households with Rent > 0 and Income > 0 Massachusetts ACS 2023 5 year data (unweighted points) -- orange line is 30%



In the ACS, only half of ELI households reporting ELI-affordable rent are *not* rent burdened, and well over half of those reporting<sup>+</sup> ELI-unaffordable rent are paying rent over 100% of income.





Rents in RBI units are known to be consistently a little under 30% of unadjusted household income.



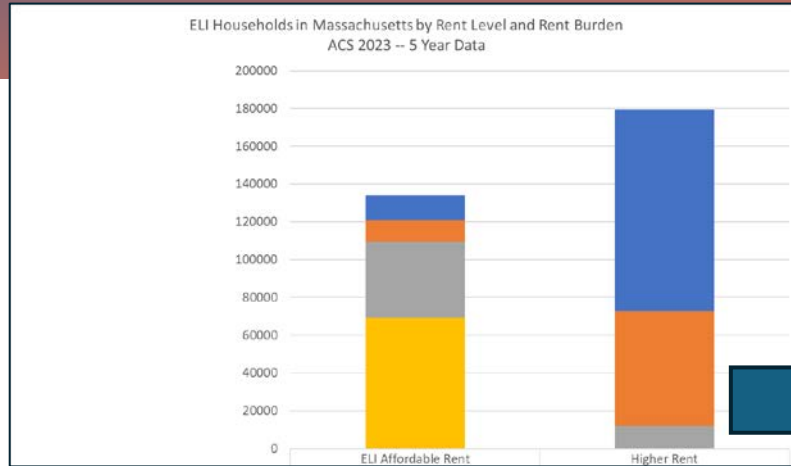
Dictated by state and federal law and regulation

Validated by HUD “picture” data

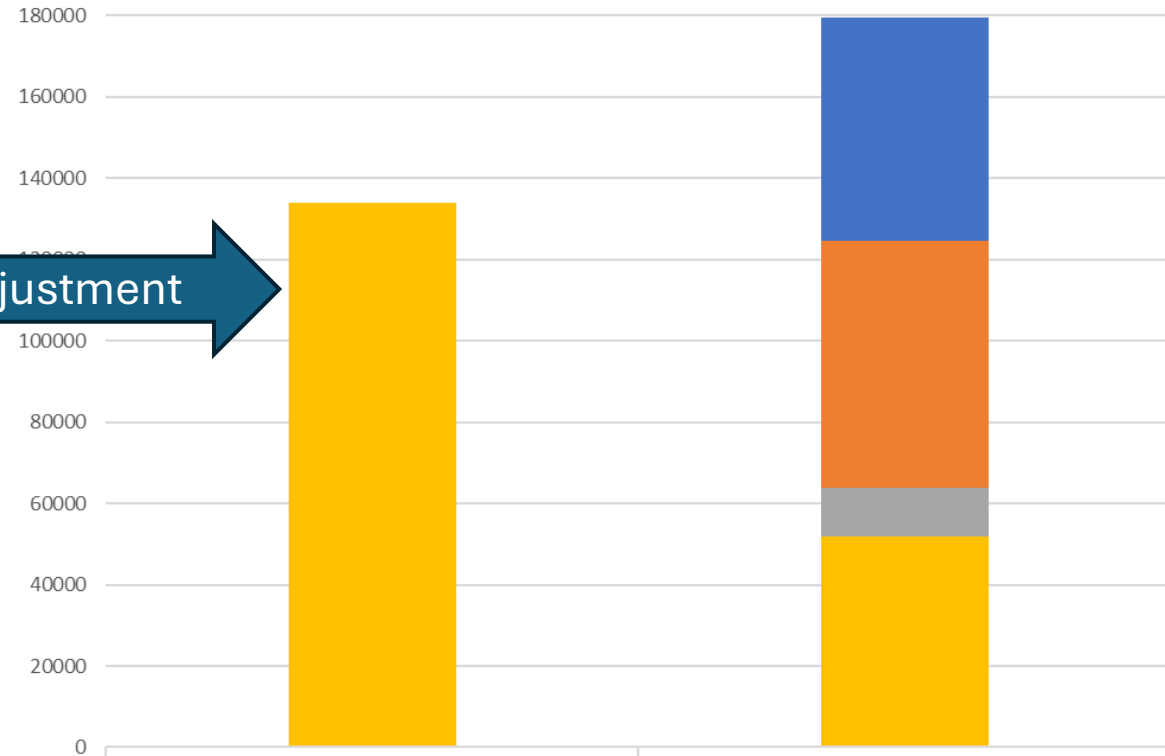
Validated by HUD microdata

Validated by local experience

Crediting administrative data, roughly 60% of ELI households + are paying affordable rent, and perhaps 25% are not true ELI.



Admin. Data Adjustment



	ELI Affordable Rent	Higher Rent
■ Rent > Income		54993
■ Severely burdened (Rent > 50% of income)		60656
■ Burdened (Rent > 30% of income)		12073
■ Not Burdened (Payment < 30% of income)	134087	51785
Total	134087	179507

ELI Households in Massachusetts by Rent Level and Rent Burden, ACS 2023 -- 5 Year Data adjusted by Administrative Data, N=313594

In Massachusetts, adjustment of ACS rent-burden with administrative data leads to increased concern about the housing gap for VLI as opposed to ELI households.



ELI not-rent-burdened population goes up from 22% to 59%

ELI total population goes down by as much as 25%

ELI Affordable Available Rate jumps from 45 to somewhere between 61 and 81

No reason to adjust ACS rent burdens for Very Low Income or Low-income

However, most ELI-affordable housing not available to VLI, due to preferences