



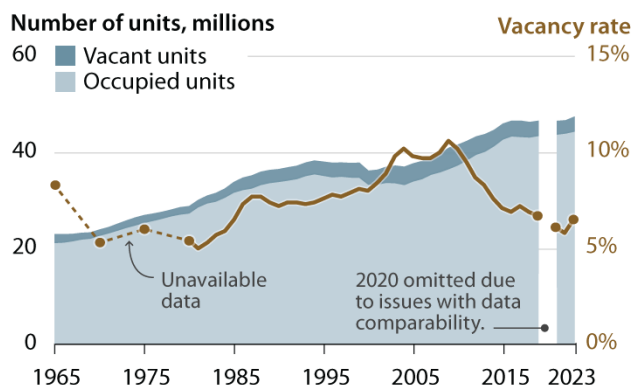
January 28, 2025

## **Rental Housing**

There are over 47 million rental housing units in the United States. About one-third of households in the United States rent their housing. Rental housing prices have increased faster than prices for non-shelter goods and services in recent years. To address persistent housing affordability challenges, the federal government funds several rental housing assistance and production programs that either directly subsidize rents or impose affordability requirements.

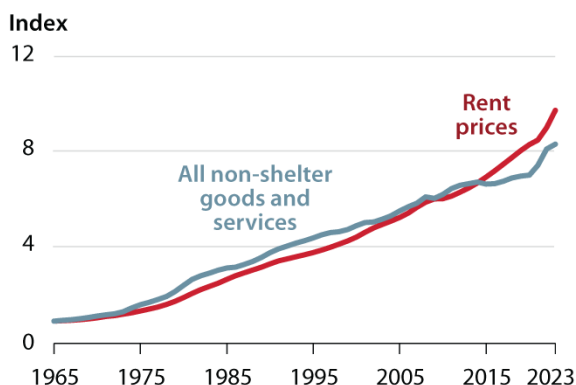
## Rental housing inventory increased to over 47 million units in 2023.

Annual rental vacancy rates from 2019 to 2023 were the lowest since 1985. Low vacancy rates may pressure rents upward as renters compete for fewer available units.



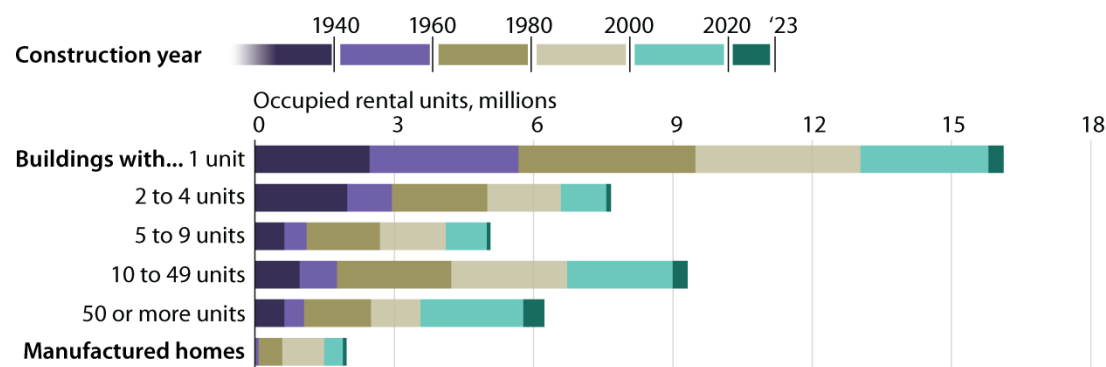
## Rental housing prices have increased faster than non-shelter prices.

Comparing 2023 to 1965, rent prices increased 17% more than prices for all non-shelter goods and services.



## More than half of occupied rental units (51%) are in buildings with 4 or fewer units.

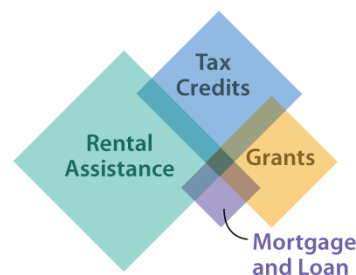
Units in buildings with 4 or fewer units are generally older: 83% were built before 2000. Units in buildings with 50 or more units are generally newer: 43% were built from 2000 to 2023.



## Between 10% and 21% of the rental housing inventory is actively subsidized, or subject to an affordability use agreement, by a primary federal rental program.

Federal rental programs can be in the form of rental assistance, tax credits, grants, or loans. Some rental units receive multiple subsidies; a 10% to 21% range considers different potential levels of overlap.

Overlap in diagram is for illustrative purposes and is not to scale.



## Notes, Methodology, and Sources

### Rental Inventory

The number of occupied rental units is the number of renter-occupied units according to the U.S. Census Bureau's Housing Vacancy Survey (HVS). The number of vacant rental units is the number of year-round vacant units for rent according to the HVS. Units that are seasonal, held off market (e.g., occasional use, usual residence elsewhere), or awaiting occupancy are not included in either estimate.

Data for 1965-1999 are sourced from the HVS, Historical Table 7: "Annual Estimates of the Housing Inventory: 1965 to Present," March 12, 2024. Data for 2000-2023 are sourced from the HVS, Historical Table 7a: "Annual Estimates of the Housing Inventory," July 30, 2024.

Rental inventory data for 2020 are not shown due to the effects of the COVID-19 pandemic on HVS estimates in the second and third quarters of 2020. See Jonathan Spader et al., "Is It Over Yet? Assessing the Effects of the COVID-19 Pandemic on Housing Vacancy Survey Estimates for 2020

and 2021,” *SEHSD Working Paper #2022-11* (April 18, 2022).

Annual rental vacancy rates from 2019 to 2023 ranged from 5.8% to 6.7%, the lowest since 1985 (6.5%). The annual rental vacancy rate is sourced from the HVS, Annual Statistics Table 1: “Rental and Homeowner Vacancy Rates by Area,” revised March 12, 2024. The rental vacancy rate published by the HVS, as cited in this report, is calculated as the number of year-round vacant units for rent divided by the sum of occupied rental units, year-round vacant units for rent, and “vacant year-round units rented but awaiting occupancy.” It is not replicable from publicly available data, which combines all units “rented or sold.”

## Inflation

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for goods and services. Average prices in a given year can be calculated as the index value multiplied by prices in a baseline year. The average rent price in 2023 was 9.76 times the average rent price in 1965. The average price for goods and services, other than shelter in 2023 was 8.36 times the average price for those items in 1965.

Rental inflation is sourced from U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: Rent of Primary Residence in U.S. City Average [CUUR0000SEHA], retrieved from FRED, Federal Reserve Bank of St. Louis, November 12, 2024.

Inflation for all items less shelter is sourced from U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items Less Shelter in U.S. City Average [CUSR0000SA0L2], retrieved from FRED, Federal Reserve Bank of St. Louis, November 12, 2024.

Homeowner costs (Owners’ Equivalent Rents) are omitted.

## Inventory Characteristics

Housing inventory characteristics are sourced from the American Housing Survey (AHS) 2023 Public Use File. These data only consider occupied rentals. AHS data are not directly comparable to HVS data.

## Primary Federal Rental Programs

Primary federal rental assistance programs include the Housing Choice Voucher program, Public Housing, Section 8 Project-Based Rental Assistance, Section 521 Rental

Assistance, Section 202/811 Project Rental Assistance Contracts, and Moderate Rehabilitation (Mod Rehab).

Primary federal rental tax credit programs include the Low-Income Housing Tax Credit (active units).

Primary federal rental grant programs include the Capital Magnet Fund, Continuum of Care Permanent Supportive Housing and Other Permanent Housing (excluding Rapid-Rehousing), the Federal Home Loan Bank Affordable Housing Program, the HOME Investment Partnerships Program (rental housing and tenant-based rental assistance), Housing Opportunities for Persons with AIDS Program Permanent Housing, the Housing Trust Fund, and Section 202/811 Capital Advance Funding.

Primary federal rental loan programs include Section 202 Direct Loans, Section 236 Below Market Interest Reduction Payments, Section 221(d)(3) Below Market Interest Rate Program, Section 515 Rural Rental Housing Loans, Section 538 USDA Guaranteed Rural Rental Housing Program, and Section 514/516 Farm Labor Housing.

Some programs no longer actively assist new units but existing subsidized units remain. Some units may not have active subsidies or loans but are still subject to affordability restrictions. There may be other federal programs not included here that support affordable rental housing.

The data source for these programs is publicly available program data from the U.S. Department of Housing and Urban Development except in the case of the Federal Home Loan Bank Affordable Housing Program (Federal Housing Finance Agency), the Capital Magnet Fund (CDFI Fund), and all programs administered by the U.S. Department of Agriculture: Sections 514/516, 515, 521, and 538. All data are taken from federal agency sources.

Data on program overlap are limited. The 10% figure assumes all grant- and loan-assisted units receive tax credits, and all tax credit units overlap with rental assistance programs. The 21% figure assumes no overlap between programs; HOME units with Housing Choice Vouchers and Section 202/811 units with both capital and rental assistance funding are only counted once. For additional information, see CRS Report RL34591, *Overview of Federal Housing Assistance Programs and Policy*.

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