

# ALICE

## ANOTHER REPORT SUBSTANTIATING THE NEED FOR AFFORDABLE HOUSING

What is ALICE? ALICE is a **United Way** acronym for Asset Limited, Income Constrained, Employed. “Employed” is the critical word. This updated spring report that revealed that almost half (44%) of our neighbors struggle to make ends meet. In fact, 49 percent of renters pay more than 35 percent of their household income on rent. ALICE represents those who work hard, but due to high costs and factors often beyond their control must live paycheck to paycheck. For many of them, a small emergency can quickly become a major financial crisis. Car repairs and health care emergencies, to name just a few, can plunge these working families over the edge into financial chaos and **HOMELESSNESS**.

The Report adds greater depth to our understanding of the people in our communities who live each day one crisis away from falling into poverty. We all depend on and meet ALICE every day behind cash registers, fixing our cars, serving us in restaurants and stores, and caring for our young and our elderly, among many others. Despite working, often at more than one job, ALICE earns too little for a sustainable lifestyle. No matter how hard these individuals work, an ever-increasing number are not making it and their kids, your neighbors, and our communities will pay the price in the long run.

ALICE households are working households; they hold jobs, pay taxes, and provide services that are vital to the Florida economy in a variety of positions such as retail salespeople, customer service representatives, laborers and movers, and health care aides. The core issue is that these jobs do not pay enough to afford the basics of housing, child care, food, health care, and transportation. Moreover, the growth of low-skilled jobs is projected to outpace that of medium- and high-skilled jobs into the next decade. At the same time, the cost of basic household necessities continues to rise.

There are serious consequences for both ALICE households and their communities when these households cannot afford the basic necessities. ALICE households are forced to make difficult choices such as skipping preventative health care, accredited child care, healthy food, or car insurance. These “savings” threaten their health, safety, and future – and they reduce Florida’s economic productivity and raise insurance premiums and taxes for everyone. The costs are high for both ALICE families and the wider community. The rental stock in Florida does not match current needs. Analysis of each county in Florida reveals that there are approximately 1.65 million renters with income below the ALICE Threshold, yet there are fewer than 736,000 rental units that ALICE and poverty households can afford, assuming the household spends no more than one-third of its income on rent. Florida would need at least 915,000 more lower-cost rental units to meet the demand of renters below the ALICE Threshold. This assumes that all ALICE and poverty households are currently living in rental units they can afford, but the number of households that are housing burdened reveals that this is often not the case in Florida, and that the gap figure of 915,000 low-cost rental units needed is in fact a low estimate.

ALICE households exist in all age groups. ALICE exists even in households headed by someone in their prime earning years, 25 to 64 years old. In fact, this age group represents the largest segment of ALICE households, underscoring the fact that most jobs in Florida do not pay enough to allow families to afford the most basic household budget.

Florida's housing stock does not match current needs. Across the state, there are not enough rental units that are affordable: there are more than twice as many ALICE and poverty renters as there are rental units that they can afford.

### Challenges that Alice faces

What challenges do ALICE households face in the future? In line with the national trend, low-income jobs dominate the economy in Florida now and will continue to dominate in the future. As a result of changes in the job market over the last three decades, the Florida economy is now more dependent on low-paying service jobs than on higher-skilled and higher-paying jobs. Sixty-nine percent of all jobs in Florida pay less than \$20 per hour (\$40,000 per year if full time), and more than half (54 percent) pay less than \$15 per hour. These jobs – including retail salespeople, customer service representatives, food preparation workers, home care aides, laborers and movers, janitors, and groundskeepers – are projected to grow at double or triple the rate of medium- and high-skilled jobs over the next decade across Florida. The cost of basic household expenses in Florida is more than most jobs can support.

The evidence is clear that the cost of preventing homelessness is significantly less than the cost of caring for a homeless family or returning them to a home – one-sixth the cost, according to the Office of the Inspector General of the U.S. Department of Health and Human Services (National Alliance to End Homelessness, 2005). The National Alliance to End Homelessness (NAEH) estimates that the cost to help a household recover from a homeless episode is \$11,439, including shelter, transitional housing, counseling, and other services (NAEH, 2005). And Philip Mangano, former executive director of the U.S. Interagency Council on Homelessness, reports that the cost of keeping people on the street ranges between \$35,000 and \$150,000 per person per year, while the cost of keeping formerly homeless people housed ranges from \$13,000 to \$25,000 per person per year, based on data from 65 U.S. cities (Mangano, 2008).

### Solutions

Increasing the amount of housing that ALICE can afford without being housing burdened would provide stability for many Florida families. The cost of housing is high in many parts of Sarasota, and the units that are affordable to ALICE households. HOUSING is the cornerstone of financial stability, so the cost of housing plays a critical role in an ALICE household's budget. Homelessness is the worst possible outcome for households below the ALICE Threshold, but there are lesser consequences that still take a toll, including excessive spending on housing, doubling up on housing, living far from work, or living in

substandard units. For these households, housing is challenging in Florida due to the lack of available low-cost units. Expanding and preserving the supply of quality, affordable housing is essential to any strategy to end homelessness, poverty, and economic inequality. Tackling Sarasota's Affordable Rental Housing Crisis Will Take New Investments along with Political and Community Will