

THE CASE FOR AFFORDABLE HOUSING

Everyone wants a place to call home. A single individual may want a home convenient to where he works. A young family may want a home with more room for a growing family. An older adult may want a home more accessible - with no stairs, wide doorways, and low countertops, so she can get around easily in her wheelchair. Regardless of the circumstances, Americans desire a home as a safe place that they can call their own.

Too many people, however, have to struggle to make ends meet. They cannot afford to buy a home or to rent a safe, decent apartment. “Nearly half of the over 99,000 households who rent in the city pay more than 30% of their income on rent, meaning they are cost-burdened. Rising housing prices will likely result in an increase in cost-burdened renters without an increase in housing supply... Citywide, only 55% of housing is affordable to households who earn 50% of the area median income.” (City of Atlanta Performance Audit, July 2018) In 2016, 50% of area median income as set by the U. S. Department of Housing and Urban Development (HUD) was \$33,750. (Area Median Income (AMI) is used to determine individual or family income eligibility for affordable housing programs. HUD sets the AMI according to family size and it varies by region.)

HUD also sets the standard most used to define what is affordable housing: a family or individual should spend no more than 30% of all of their income on housing (for example, rent and utilities). If they do pay more than 30% of their income, they are considered *cost burdened*. People paying over 50% of their income are considered *severely cost burdened*.

The National Low Income Housing Coalition recently released its *2018 Out of Reach Report*. The report compares the Fair Market Rent (FMR) in the city of Atlanta with the rent a family should pay based on their income. HUD calculates the FMR each year to reflect the cost of housing and utilities (heat, electricity; not telephone or television). FMRs are used to determine payment standards for the Housing Choice Voucher program and Section 8 contracts.

HUD determined the Atlanta Fair Market Rent for a two-bedroom apartment as \$1,031. To afford this level of rent and utilities – without paying more than 30 percent of income on housing – a household must earn \$3,436.66 monthly or \$41,240 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into an hourly Housing Wage of \$19.83. This figure compares to the minimum wage of \$7.25 per hour. At 30 percent of AMI, \$22,440, the monthly rent affordable is only \$561.

“Between 2010 and 2014, the city lost 5,300 units of affordable housing, while it gained close to 25,000 ‘luxury apartment’ units... Additionally, a stunning 84 percent of Atlanta residents earning less than \$35,000 pay more than 30 percent of their income for housing.” (National Committee for Responsive Philanthropy, *As the South Grows: Bearing Fruit*)

Like people who rent, homebuyers also face affordability challenges. As the Atlanta Department of City Planning recently noted, the homeownership rate has steadily decreased, falling by 15% for households with income of less than \$100,000 per year. Nationally, the trend is the same, with suggested contributing factors including “high foreclosure rates, tightening credit standards, falling household incomes following the Great Recession, increasing student loan debt, rising rental housing costs, and changes in households’ preferences and attitudes toward homeownership and renting... The effective demand for home ownership is also affected by the availability of mortgage financing needed to purchase a home and by the supply of homes for sale that are within the purchasing power of would-be homeowners.” (The Harvard Joint Center for Housing Studies, *Waiting for Homeownership*)

The Atlanta Land Trust (ALT) was created to help Atlantans get into homes they can afford, whether as renters or homeowners. ALT has adopted an aggressive plan to ramp up our production of affordable housing over the next five years. ALT is partnering with the city, local funders, and other stakeholders to make Atlanta a more affordable place to live.