

## WHAT IS AFFORDABLE HOUSING?

Affordable housing is ***housing for an individual or family that costs less than 30% of their gross annual income***. If housing costs, such as a mortgage payment, taxes, insurance, or rent exceed 30%, it is considered a **cost burden**. Households facing this burden are challenged to afford food, clothing, transportation, child care, education, medical costs, and other needs.

Because housing and transportation costs are intertwined, groups like the [Center for Neighborhood Technology](#) (CNT) advocate that both be considered as part of any understanding of affordable housing costs. ***When considering housing and transportation costs together, the income target increases to 45% of gross annual income.***

For example, suburban housing may cost less in a rent or a mortgage payment, but when combined with car insurance, maintenance, and gas costs for a year, may exceed the cost of higher rent or a mortgage that locates a family closer to work, school and basic services such as grocery stores. According to the CNT's Housing + Transportation index, only 31.2% of Washtenaw County's residents pay less than 45% of their income on housing and transportation, with more than two-thirds of county residents spending more than 45% of their monthly income on housing and transportation combined.

## WHAT DOES AFFORDABLE HOUSING LOOK LIKE?

The image that comes to mind of affordable housing might be that of [failed public housing projects of the past](#) – like the former Robert Taylor high-rises in Chicago. This is not typical for affordable housing, and is an example of a failed past policy that resulted in warehousing of low-income individuals, essentially concentrating poverty and diminishing opportunity for those living there.

As described above, any house or apartment can be affordable depending on the market and household income. However, there are specific tools that are used to develop and maintain affordability in expensive or high value markets. These houses or units are often referred to as ***committed affordable units***. To create or convert units to committed affordable units, there are a variety of financing and policy tools available. These various tools result in a ***range of housing types***, from single family houses, duplexes, townhomes, and less dense neighborhood development, to housing in mixed-use developments and even downtown high-rises.



Throughout the county, there is a variety of dedicated affordable housing. Below are some examples.



The top two properties are located next to each other on **Summit Street in Ann Arbor**. Both have the feel of a single-family house, but with multiple units. One was privately financed and considered, “market-rate,” the other was financed with **public funds** and is required to **remain affordable for 20 years**.

City Apartments in Ann Arbor features 16 affordable units (about 10% of the total units in the building). Those units are to remain affordable for 99 years. Funding for this project was done privately, however, the requirement that the property be mixed-income, i.e. that it contain some affordable units, was done as part of the negotiation of the **sale of public land**. The requirement is an obligation in the purchase agreement and deed restriction.



The redevelopment of affordable housing units at **1500 Pauline in Ann Arbor** was financed through **Low-Income Housing Tax Credits (LIHTC)**. These credits induce private investment into affordable housing and preserve the **affordability for 45 years**. This project features a series of townhomes with architectural details similar to that of adjacent homes, such as stoops, peaked roofs, wood siding, brick facing, and variation in color.

The property shown on the right is located in Ann Arbor’s desirable **West Side neighborhood**, in one of the City’s historic districts. The rehabilitation of this property used **public funds** with requirements to stay **affordable for 30 years**. Another way the property maintains affordability is by **local communities**, in this case, the City of Ann Arbor, agreeing to a **payment in lieu of taxes (PILOT)** for the property. A PILOT minimizes fluctuation in annual expenses by reducing annual taxes during the affordability period, keeping operating costs more sustainable over such a long term.



## WHO LIVES IN AFFORDABLE HOUSING?

Washtenaw County is one of the most expensive counties to live in the state of Michigan. Good-paying jobs sometimes are not enough to cover the mortgage or rent costs in the area.

**Area Median Income (AMI)** provides the range of incomes for any given community, in this case Washtenaw County. The chart below shows the Area Median Income for the county for **a single-person household**. The income range increases with the household size. In this case, the occupations below are connected to some percentage of the Area Median income to give an idea of who lives in affordable housing, For reference, affordable housing incentives can be applied at 80% of AMI on down.

Area Median Income (AMI) (\$64,134)	<ul style="list-style-type: none"> <li>• Mental Health Counselor</li> <li>• Financial Specialist</li> <li>• Elementary School Teacher</li> <li>• Web Developers</li> </ul>
80% AMI (\$51,300)	<ul style="list-style-type: none"> <li>• Legal Assistant</li> <li>• Interior Designer</li> <li>• Postal Service Mail Carrier</li> <li>• Athletic Trainer</li> </ul>
60% AMI (\$38,450)	<ul style="list-style-type: none"> <li>• Library Technician</li> <li>• Real Estate Agent</li> <li>• Administrative Assistant</li> <li>• Delivery Service Driver</li> </ul>
50% AMI (\$32,000)	<ul style="list-style-type: none"> <li>• Medical Secretary</li> <li>• Veterinary Assistant</li> <li>• Residential Advisor</li> <li>• Pharmacy Technicians</li> </ul>
30% AMI (\$17,750)	<ul style="list-style-type: none"> <li>• Dishwashers</li> <li>• Cooks &amp; bartenders</li> <li>• Home health aides</li> <li>• Childcare workers</li> </ul>
Less than 30% AMI	<ul style="list-style-type: none"> <li>• Those who are homeless</li> <li>• Those who are disabled</li> <li>• Others unable to work</li> </ul>

## COMMON MYTHS ABOUT AFFORDABLE HOUSING

### 1. Affordable housing is ugly

Affordable housing comes in all shapes, sizes, and types. Affordable housing is designed to fit in the character of the neighborhood to the point where the average person would not know the difference. The use of quality materials, quality construction, and compatibility with the adjacent neighborhood will help ensure attractive and good quality housing.

### 2. Affordable housing will increase traffic

Like any kind of housing, it will depend on whether or not it's new and where it's built. Housing built near jobs and along transit will shorten commutes and lessen congestion. Housing built away from job centers and transit will force residents to be more reliant on individual automobiles for trips to jobs, schools, and services. Smart planning for new housing or other active uses can help alleviate congestion concerns.

### 3. Affordable housing increases crime

Several recent studies have looked at this question and found no link between affordable housing and crime. [A 2012 HUD study](#) looked at the relationship between the location of Section 8 Vouchers and crime and found, ***“no association between more voucher holders and crime.”*** It is important to note that the study found that voucher holders often located in neighborhoods with existing higher crime levels. Redirecting voucher holders into lower crime neighborhoods would provide more opportunity for those residents by avoiding concentration of poverty and exposure to crime. Research shows that when neighborhoods exceed 25-30% of residents in poverty, it becomes harder for residents in the neighborhood to access opportunity to improve their lives and those of their families.

[A 2011 report](#) from the Urban Institute's Justice Policy Center found that redevelopment of existing public housing resulted in a reduction in the crime rate in the redeveloped housing itself and adjacent neighborhoods.

### 4. Affordable housing lowers property values

Like with new market rate private development, changes in property values in adjacent properties depend on how development is designed, constructed, and managed over the long term. A [2010 review of studies](#) on the impacts on adjacent property values of new affordable housing sums it up succinctly:

The likelihood that property values will decline as a result of proximity to affordable housing increases when:

- The quality, design and management of the affordable housing is poor
- Affordable housing is located in dilapidated neighborhoods that contain disadvantaged populations (i.e., usually low-income and predominantly minority)
- Affordable housing residents are clustered.

In contrast, instances in which affordable housing appears to have *no effect* occur when:

- Affordable housing is sited in healthy and vibrant neighborhoods
- The structure of the affordable housing does not change the quality or character of the neighborhood
- The management of the affordable housing is responsive to problems and concerns, and affordable housing is dispersed

Furthermore, the evidence reveals that rehabilitated housing always has beneficial outcomes for neighboring property values.

## WHY IS AFFORDABLE HOUSING IMPORTANT?

Affordable housing provides opportunity and choices to individuals and families throughout the region to live meaningful and successful lives. Everyone has a right to quality housing, and provision of affordable housing throughout the community will improve for all. When it comes down to the numbers, integrating affordable housing throughout our community can provide more access to jobs, health care, quality education and overall opportunity. It will likely increase the diversity of our community with respect to age, race, and income. A growing body of research demonstrates that more integrated communities perform better economically. For example, [PolicyLink projects](#) that in 2012, Washtenaw County's GDP would have been \$1.4 billion larger if the community were more racially integrated. Those lost wages and spending in our community represent lost growth on an ongoing basis.

**Looking for more information? Watch one of these short videos:**

[Section 8 Housing in 3 minutes](#)

[Low Income Housing Tax Credit \(LIHTC\) in 3 minutes](#)