

## CHAPTER 1

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# WHAT IS AFFORDABLE HOUSING?

### INTRODUCTION

Housing is a basic human need. For many, including many persons with disabilities, finding quality, affordable housing is difficult. Various programs have been developed to help address the need for housing, but locating and understanding these programs and their requirements can be difficult.

In this Primer you will find information pertinent to affordable housing, including how to obtain affordable housing and how to advocate for more affordable housing in your community.

This chapter focuses on the definitions of affordable housing and supportive housing, the need for more affordable housing, and important housing agencies.

### DEFINITION OF AFFORDABLE HOUSING

**According to the US Department of Housing and Urban Development (HUD), affordable housing is housing that costs its occupant (owner or renter) no more than 30% of their gross monthly household income.** When calculating housing costs you should include not only rent or mortgage payments, but also utility costs, and when applicable, real estate taxes, property insurance, mobile home park and/or lot rental fees, homeowner association fees, and/or condominium fees.

It is important to note that because HUD's affordable housing definition is based on income, **“affordable housing” is a relative term.** What is considered affordable may vary from county to county, and even between rural and urban areas within a county. HUD establishes income limits for localities across the country as a way of targeting housing resources to households at particular income levels. For example, since 1998, 75% of Housing Choice vouchers (Section 8 vouchers) must be distributed to households with incomes below 30% of area median income. *(See How Income Targeting Varies by Location and Understanding Area Median Income on the following pages.)*

The chart below lists income figures for two NC localities: Raleigh-Cary, a high-income area, and Robeson County, a low-income area. A single person with annual income at or below \$10,450 (30% of area median income) would qualify as being extremely low-income in Robeson County, but in the Raleigh-Cary area, 30% of area median is substantially higher at \$16,150. Given the differences in median income, affordability varies between these two areas.

### How Income Targeting Varies by Location

<b>Raleigh-Cary Area</b> (2009 Income Levels – high-income area)	<b>Robeson County</b> (2009 Income Levels - low-income county)
Single person (% of Area Median Income) <ul style="list-style-type: none"> <li>• Median Income: \$53,800</li> <li>• Low-income (80%): \$43,050</li> <li>• Very low-income (50%): \$26,900</li> <li>• Extremely low-income (30%): \$16,150</li> </ul>	Single person (% of Area Median Income) <ul style="list-style-type: none"> <li>• Median Income: \$34,900</li> <li>• Low-income (80%): \$27,950</li> <li>• Very low-income (50%): \$17,450</li> <li>• Extremely low-income (30%): \$10,450</li> </ul>
Monthly Affordable Housing Costs for a Single Person at Median Income Level: <b>\$1,345</b>	Monthly Affordable Housing Costs for a Single Person at Median Income Level: <b>\$873</b>
Supplemental Security Income (SSI): <b>\$8,088 or 15% of median</b>	Supplemental Security Income (SSI): <b>\$8,088 or 23% of median</b>
Monthly Affordable Housing Costs for a Single Person at SSI Level: <b>\$202</b>	Monthly Affordable Housing Costs for a Single Person at SSI Level: <b>\$202</b>

*Income information taken from HUDUser at [www.huduser.org](http://www.huduser.org).*

**For people at the Supplemental Security Income (SSI) level (\$674/month as of 2009), regardless of where they live, the cost of what is considered affordable housing remains the same – 30% of their SSI income (\$202 per month).**

## Understanding Area Median Income

**Area median income provides information about geographic areas such as counties by dividing same size households into two equal parts based on income.** The first half of households earns less than area median income and the other half earns more.

To understand how to calculate area median income, imagine a county that has just ten households. Line up all ten households starting with the lowest income household and ending with the highest income household. Now look for the midpoint between the lower and upper halves of households.



For this imaginary county, area median income equals \$40,500, as this is the midpoint between the fifth and sixth highest earning households.

**The US Department of Housing and Urban Development (HUD) calculates area median income for geographic regions across the country on an annual basis and breaks households up into the following income categories:**

- **Low-income** households are at or below 80% of area median income.
- **Very low-income** households are at or below 50% of area median income.
- **Extremely low-income** households are at or below 30% of area median income.

### How Housing Programs use Area Median Income

Housing Programs target housing resources to people with low, very low, and extremely low incomes relative to other people in their area. To do this, programs typically say something like, “Our program serves households with incomes less than 30% of area median income.”

To find your area’s median income, go to the HUD Web site at [www.huduser.org/datasets/il/il2009/select\\_Geography\\_mfi.odt](http://www.huduser.org/datasets/il/il2009/select_Geography_mfi.odt) or visit [www.nchousing.org](http://www.nchousing.org), and click on Research & Publications/Affordable Housing Primer.

## **WHAT IS SUPPORTIVE HOUSING?**

Supported housing and supportive housing are two widely used terms, and for some, the two terms have different meanings. For the purposes of this Primer, the terms are used interchangeably. The more important distinction is between these housing models – supported and supportive housing – and facility-based housing models that have historically been available to persons with disabilities.

Under the facility-based model, persons with disabilities are “placed” in a facility-based setting depending on a diagnosis or assessment by professionals of the need for supervision or assistance. Residents give up most of their income in exchange for room, board, and provided services. The cost of resident “care” is most likely paid by a public entity based on a daily or monthly rate. With the facility-based model, people are often clustered by diagnosis in large congregate settings.

Over the past few decades, as our understanding of disabilities has increased and protections for the civil rights of persons with disabilities have been codified into law (*see Chapter 3*), there has been a change in thinking about where and how persons with disabilities should live. In 1999, the US Supreme Court’s Olmstead decision reaffirmed the rights of persons with disabilities to live in their communities, finding that the “unjustified isolation” of being confined to an institution is a violation of rights under the Americans with Disabilities Act.

Supportive housing has evolved as a recognized housing model preferred by persons with disabilities. With this model, individuals choose where they live; although, in reality, there are still too few choices. The housing is decent, safe, accessible, and affordable to their income. The occupant has the rights and responsibilities of tenancy or ownership, i.e., they can live there as long as they fulfill their obligations as a tenant or homeowner. Services and supports – “unbundled” from where the person lives – are person-centered, flexible and designed to meet the needs of the individual.

The services and supports an individual may need to be successful in the community will differ according to their particular situation, but the need for accessible and affordable housing units in the community is common across populations.

**“Supportive Housing is a housing model that enables persons with disabilities to successfully select, acquire and maintain decent, safe and affordable housing linked to a variety of individualized, flexible support services.”**

*-Technical Assistance Collaborative*

## **THE NEED FOR MORE AFFORDABLE HOUSING**

Over two million North Carolinians spend more than 30% of their gross monthly household income on housing costs. This includes over 300,000 households that spend more than half of their income on housing. While housing costs have continued to rise, wages have failed to keep pace (North Carolina Housing Coalition, *Campaign for Housing Carolina: FAQs*).

**North Carolinians who face the greatest challenge in finding affordable housing are those individuals in the lowest income bracket, earning 30% or less of area median income. Included in this bracket are those who depend on Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) as their primary source of income.**

While researchers and practitioners have repeatedly demonstrated that even adults with severe disabilities can live successfully in homes of their own, securing safe and decent affordable housing remains a challenge. Too many adults with disabilities, regardless of age – and particularly those who rely on SSI benefits – lack sufficient income to afford housing. According to the Technical Assistance Collaborative report, *Priced Out in 2008*, persons with disabilities receiving federal disability benefits continue to be among the economically poorest people in the nation.

As of December 2008, 208,457 North Carolinians were receiving SSI, including 186,099 North Carolinians with disabilities. As of January 2009, SSI provides individuals \$674 a month and couples \$1,011 a month. **Using HUD's affordable housing standard – that households should not spend more than 30% of household income on housing costs – individuals receiving SSI benefits can afford \$202 per month in housing costs (rent or mortgage plus utilities).**

To afford the average rent for a modest two-bedroom apartment in the state of North Carolina, an individual must earn \$12.62 per hour or \$2,187 per month (*2009 Out of Reach Report*). This means that an individual relying solely on SSI (\$674 a month in 2009) needs an additional \$1,513 per month to afford a modest two-bedroom apartment.

In order to rent even a modest apartment, persons with these extremely low incomes need some form of rent subsidy.

## **ADVOCATING FOR AFFORDABLE HOUSING**

When we advocate for affordable housing, we mean well-built and well-managed/maintained housing for individuals and families with low to moderate incomes (generally 80% and below of area median income). This housing is often financed with federal, state, and/or local government subsidies.

Unfortunately, when attached to housing, the terms “affordable”, “low-income”, and “subsidized” can conjure fearful images of run-down projects from the 1960’s inhabited by people who contribute to the “decay” of society. These same kinds of fears also arise when people hear that housing for persons with disabilities is being developed – threat to safety, declining property values, etc. These fears create “Not In My Back Yard” (NIMBY) attitudes that can generate major obstacles to achieving adequate housing for all.

**In order to combat these fears everyone must be an advocate for affordable housing and the people who need it!** Advocacy can come in many forms, but without it we cannot ensure the resources and policies needed to adequately respond to housing needs of low- to moderate-income people and persons with disabilities in particular.

There are four primary ways to get involved in advocacy: build public awareness, conduct housing needs assessments, advocate for housing policy, and participate in strategic planning. **All four are vital and are directly connected to the resources and rules covered in this Primer.**

*For more information on what you can do to get involved in housing advocacy, see Chapter 5: Affecting Housing Policy.*

## **IMPORTANT AGENCIES**

There are many agencies and organizations throughout the state that develop, manage, advocate for, and assist people in finding affordable housing, but the following agencies are considered the primary funders of affordable housing:

- NC Housing Finance Agency,
- US Department of Housing and Urban Development, and
- US Department of Agriculture.


Each agency is discussed below. *(See Appendix A for detailed agency contact information.)*

### **North Carolina Housing Finance Agency**

The North Carolina Housing Finance Agency (NCHFA) is a self-supporting public agency. NCHFA's mission is to create affordable housing opportunities for North Carolinians whose needs are not met by the housing market. Since its creation in 1973 by the General Assembly, NCHFA has providing financing for over 191,000 affordable homes and apartments valued at nearly \$11 billion.

NCHFA provides financing through the sale of tax-exempt bonds and management of federal and state tax credit programs, the federal HOME Program, NC's Housing Trust Fund, and other programs. Using these resources and its earnings, NCHFA:

- provides loans to enable homeowners at risk of foreclosure to remain in their homes;
- offers low-cost mortgages and down payment assistance for first-time home buyers;
- finances the construction and rehabilitation of affordable homes and apartments developed by local governments, non-profit organizations, and private owners;
- finances the development of supportive housing for people with special needs;
- finances the rehabilitation of substandard owner-occupied homes;
- helps non-profits, local governments, and lead regional organizations develop emergency, transitional and permanent housing for persons who are homeless and/or have disabilities; and
- administers HUD project based rental assistance contracts for 24,000 privately owned apartments statewide.



**Learn About NCHFA**

To learn more about NCHFA visit  
[www.nchfa.com](http://www.nchfa.com) or call 919-877-5700.

## **US Department of Housing and Urban Development**

The US Department of Housing and Urban Development (HUD) administers major federal housing programs and develops national housing policy. At the state and local level, Public Housing Agencies administer the majority of HUD programs such as Public Housing and the Housing Choice Voucher Program (Section 8). A Public Housing Agency (PHA) is an organization that contracts directly with HUD to administer the Housing Choice Voucher Program.



### **Find Contact Information for Your PHA**

To find contact information for your local PHA visit [www.hud.gov/offices/pih/pha/contacts/states/nc.cfm](http://www.hud.gov/offices/pih/pha/contacts/states/nc.cfm) or [www.nchousing.org](http://www.nchousing.org), and click on Research & Publications/Affordable Housing Primer.

## **US Department of Agriculture**

The US Department of Agriculture (USDA) manages Rural Development – housing programs specifically for rural Americans. The goal of Rural Development is to increase the availability of quality housing in rural areas of the country. Rural Development promotes and finances housing activities including:

- homeownership;
- housing rehabilitation;
- rental assistance to tenants of multi-family housing;
- housing for farm laborers;
- multi-family housing; and
- community facilities.



### **Find Contact Information for Your Local Rural Development Office**

To find contact information for your local Rural Development office visit [www.rurdev.usda.gov/nc/do-list.htm](http://www.rurdev.usda.gov/nc/do-list.htm) or [www.nchousing.org](http://www.nchousing.org), and click on Research & Publications/Affordable Housing Primer.