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Institute of Government



# Understanding Affordability

How Communities put pressure on Housing Prices

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PROMOTING EXCELLENCE IN GOVERNMENT

# Goals and Expectations for Today's Presentation

1. Who is in the market for these dwellings?
  - A look at the growth and diversification of workforce
2. What are the various types of Affordable Housing?
  - Single-Family, Multi-Family, and Non-Traditional
3. When is incentive-based planning and zoning appropriate?
  - Inclusionary Zoning and Future Development
4. Where are some great examples to model in your community?
  - Rome, Augusta, Columbus
5. Why should cities/counties consider Affordable Housing?
  - Planning, Tax Revenue, Economic Benefits
6. How are Housing Tax Credit (HTC) Deals done?
  - Dollars, Data, and Development

# Publications and Resources



## Building Support for Code Reform

Change is both a technical and political process. To revise a zoning code, advocates need to actively engage, educate and inspire the community

by AARP and the Congress for the New Urbanism



PEYTON CHUNG VIA FLICKR/CREATIVE COMMONS

A failing strip mall in San Jose, California, was converted into Santana Row, a mix of retail and housing. The development exemplifies how a location can come alive when the surrounding buildings and streets support pedestrian activity.

### AARP.org/Livable

Enter a topic, name, place, etc.

Or visit the A-Z Subject Archive 

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# Could it work in Greenville? Here's how Charlotte is helping provide affordable housing

*A trend growing in popularity around the country is converting motels and hotels into affordable housing.*

**Genna Contino** Greenville News  
Published 6:00 a.m. ET Jul. 13, 2021 | Updated 8:55 a.m. ET Jul. 13, 2021

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**Former motel plagued by squalid conditions is condemned, displacing 80**  
Eric Smalls and Angela Harper are former residents of the Economy Inn on Augusta which was condemned in January. They discuss the conditions and being displaced. *Matt Burkhart, Greenville News*

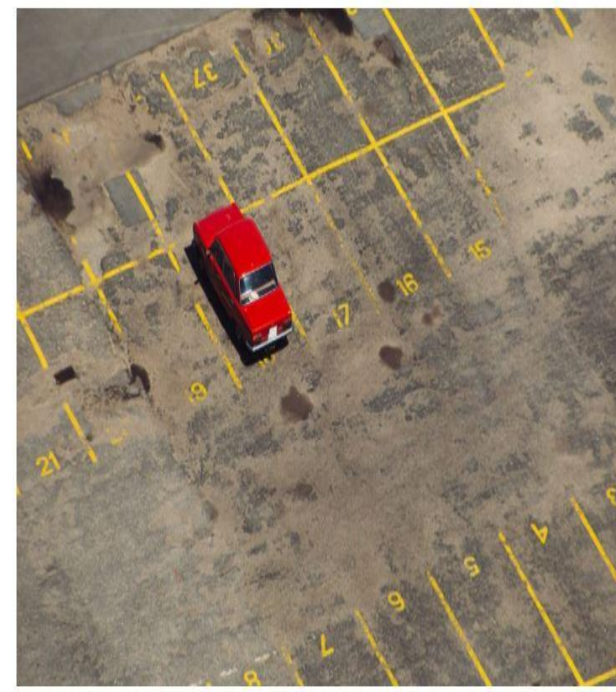


Photo courtesy of Unsplash

INFRASTRUCTURE

## Affordable Housing in Denver Just Got a Big Boost

Parking has long been one of the key barriers to affordable housing efforts. Not anymore.

DALIAH SINGER • JULY 11, 2021

NEWS

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**BREAKING NEWS**

rganizations Concerned About Police Accountability and Senate Legislation > Prosecutor Apologizes to Defendant Accused of Vehicular Manslaughter After C

HOME

BREAKING NEWS

## Commentary: Battle Lines Being Drawn over Single-Family Zoning

Posted by [David Greenwald](#) | Date: July 13, 2021 | in: [Breaking News](#), [Housing](#), [State of California](#) | (15) Comments

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**Menti Word Cloud –**

**What comes to mind when you hear Affordable Housing?**

# Perception vs Reality

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# Diversity and Demographics

25 counties with more than 100,000 people

35 counties with fewer than 10,000 people

99 counties in between

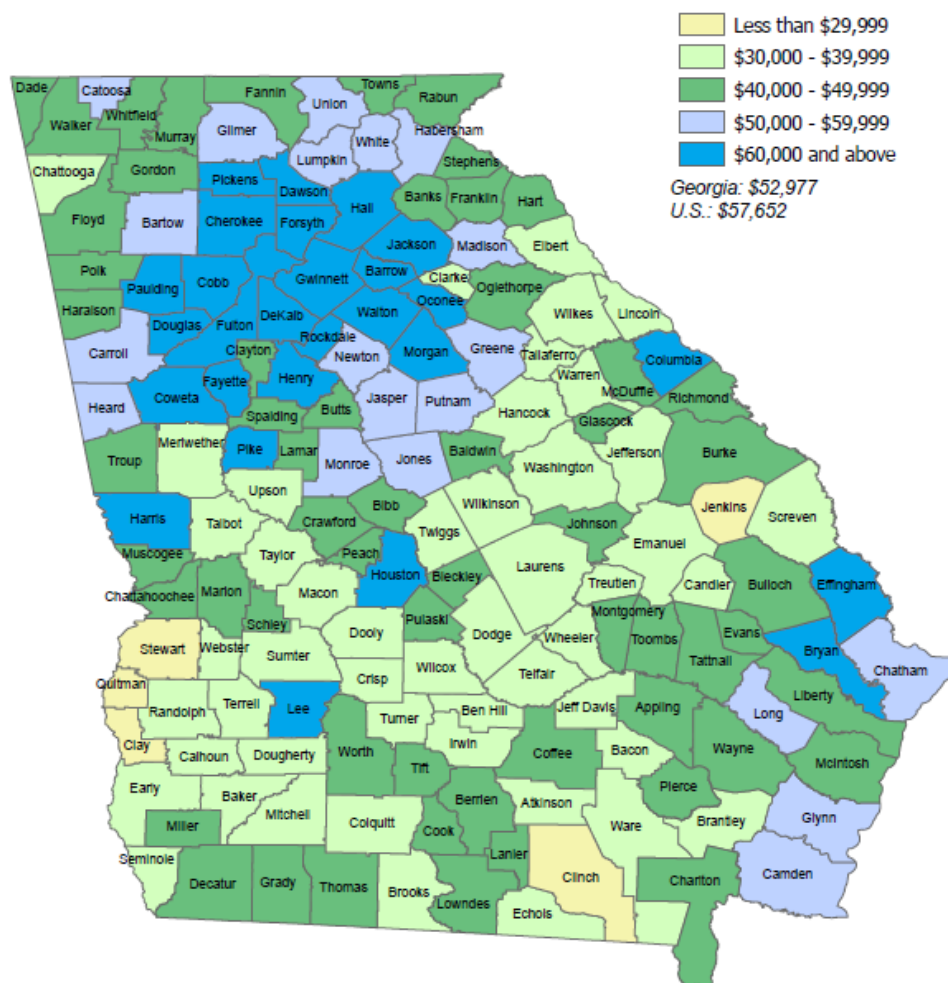
MISSING	DATA	TABLE			

# Who needs more Affordable Housing?

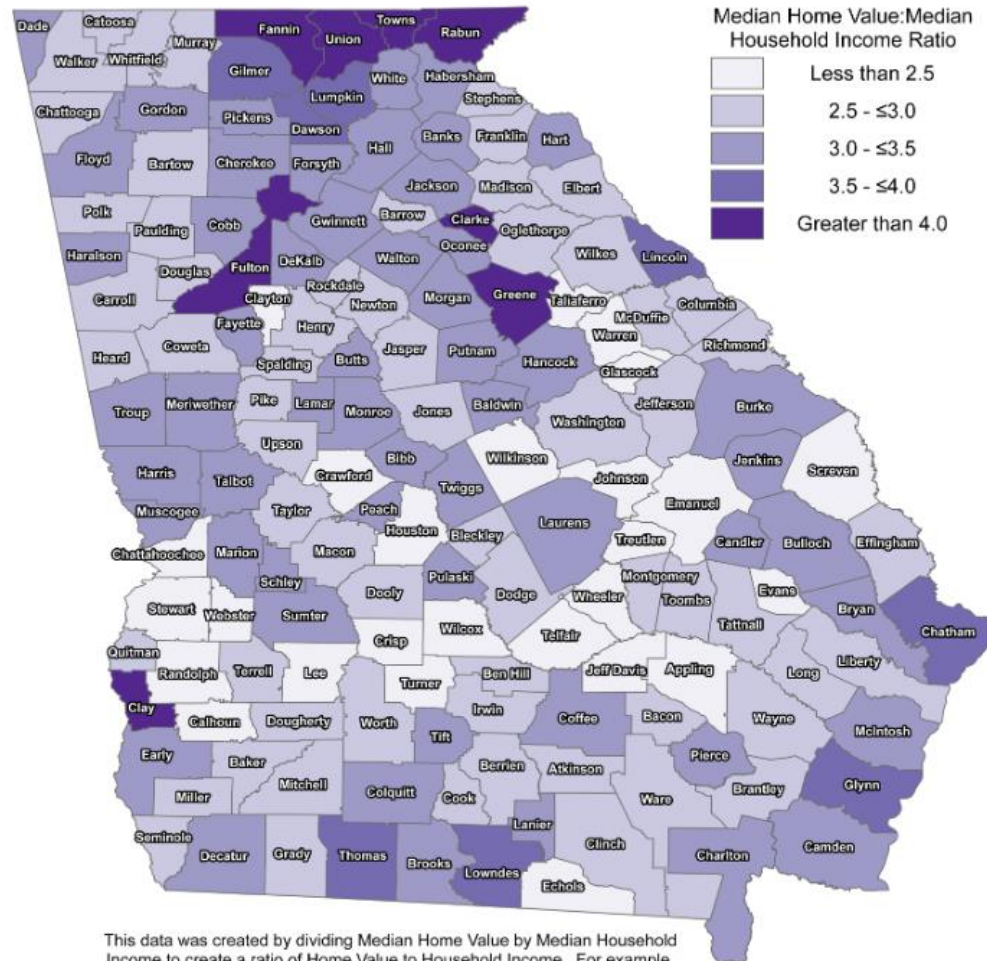
GEORGIA JOB SALARIES WITH AREA MEDIAN INCOME (AMI)			
OCCUPATION	NUMBER OF EMPLOYEES	MEDIAN WAGE ALL OF GEORGIA	AMI
Waiters and Waitresses	66,946	\$19,000	40%
Cashiers	113,012	\$21,800	40%
Home Health Aides	12,458	\$23,200	40%
Massage Therapists	4,163	\$23,500	40%
Retail Salespersons	133,313	\$23,800	40%
Hairdressers, Hairstylists, and Cosmetologists	22,422	\$24,200	50%
Nursing Assistants	35,173	\$26,500	50%
Bus Drivers, Transit and Intercity	4,523	\$29,100	50%
Preschool Teachers, Except Special Education	14,373	\$29,900	50%
Tellers	11,811	\$31,800	60%
Construction Laborers	44,259	\$32,000	60%
Veterinary Technologists and Technicians	3,539	\$33,900	60%
Emergency Medical Technicians	4,949	\$34,700	60%
Exercise Trainers and Group Fitness Instructors	7,263	\$35,300	60%

## Median Household Income

2015 - 2019



## Median Home Value Versus Median Household Income



This data was created by dividing Median Home Value by Median Household Income to create a ratio of Home Value to Household Income. For example, the darkest purple category has on average a home value that is 4 times or more than the annual household income.

Data source: ACS 5 year, 2015 - 2019

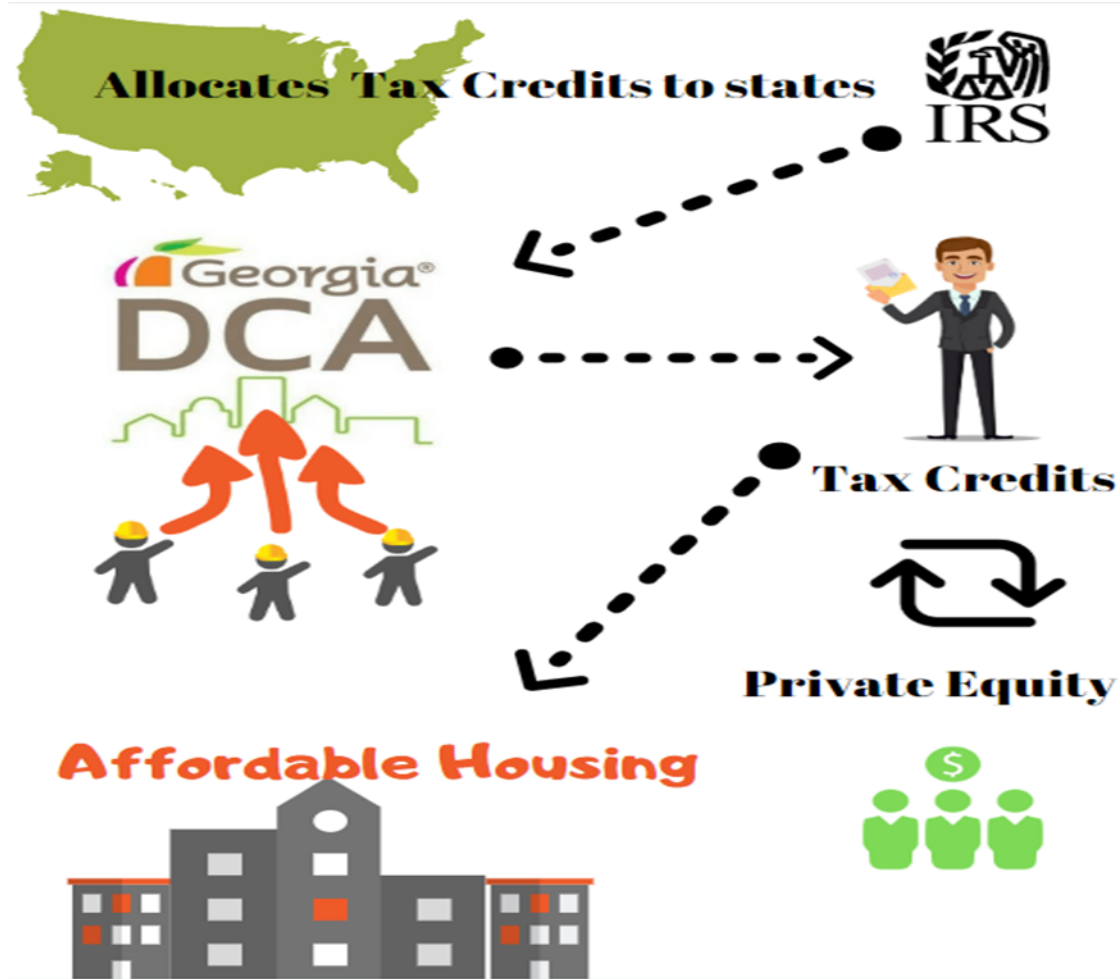
# Funding Source for Affordable (Rental) Housing

Rental Housing Program	Federal Agency	Subsidy
Rural Development	USDA	Yes
Property Based Vouchers	HUD	Yes
Tenant Based Vouchers	HUD	Yes
Public Housing	HUD	Yes
LIHTC	Treasury	No

# About Low Income Housing Tax Credits

- Enacted by President Reagan in Tax Reform Act of 1986
- Largest producer of affordable housing nationwide
- Successful due to the public (oversight)-private (investment) partnership
- Each state determines housing needs and policy

# How Do Tax Credits Work?



# Affordable vs. Market Rate

**Affordable/LIHTC**  
**\$15 Million Total Cost**

**Conventional/Market**  
**\$15 Million Total Cost**

**Low Debt:**

Rents/revenue must  
pay debt

**LIHTC Equity:**

\$0 Return Expected  
LIHTC Investors  
solely want Tax  
Credits

**Debt**  
\$3 Million  
(20%)

**Equity**  
\$12 Million  
(80%)

**Monthly Rent:**  
**\$786**

**High Debt:**

Higher Rents/revenue  
must pay debt

**Investor Equity:**

Expect Return on  
Investment which  
increases Rent  
Charged

**Debt**  
\$12 Million  
(80%)

**Equity**  
\$3 Million  
(20%)

**Monthly Rent:**  
**\$1,969**

# Requirements & Safeguards

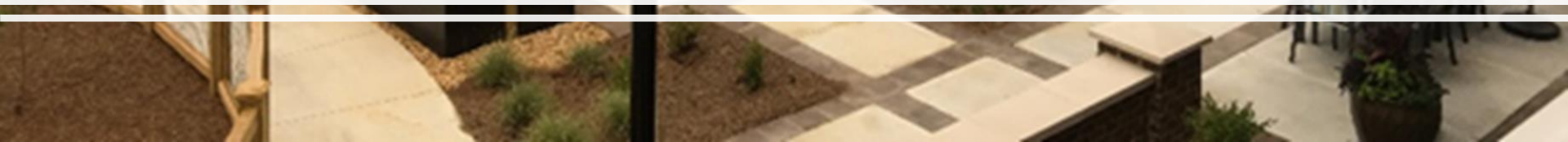
ROLE	RESPONSIBILITIES
Owner/Developer	<ul style="list-style-type: none"><li>•Keep rent affordable for 30 years</li><li>•Build properties according to architectural specifications</li><li>•Maintain the property</li><li>•Ensure only qualified residents occupy units</li></ul>
Resident	<ul style="list-style-type: none"><li>•Have documented income</li><li>•Annually certify income</li><li>•Comply with lease rules and regulations</li></ul>
State (Georgia)	<ul style="list-style-type: none"><li>•Inspect properties regularly</li><li>•Report non-compliance to IRS</li></ul>
Federal (IRS)	<ul style="list-style-type: none"><li>•Recapture credits for non-compliance</li></ul>



## HTC Example 1



HTC Example 2

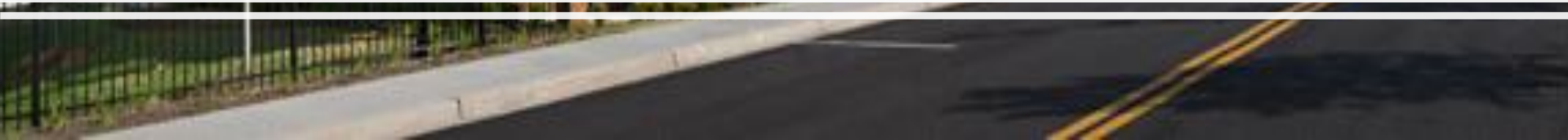




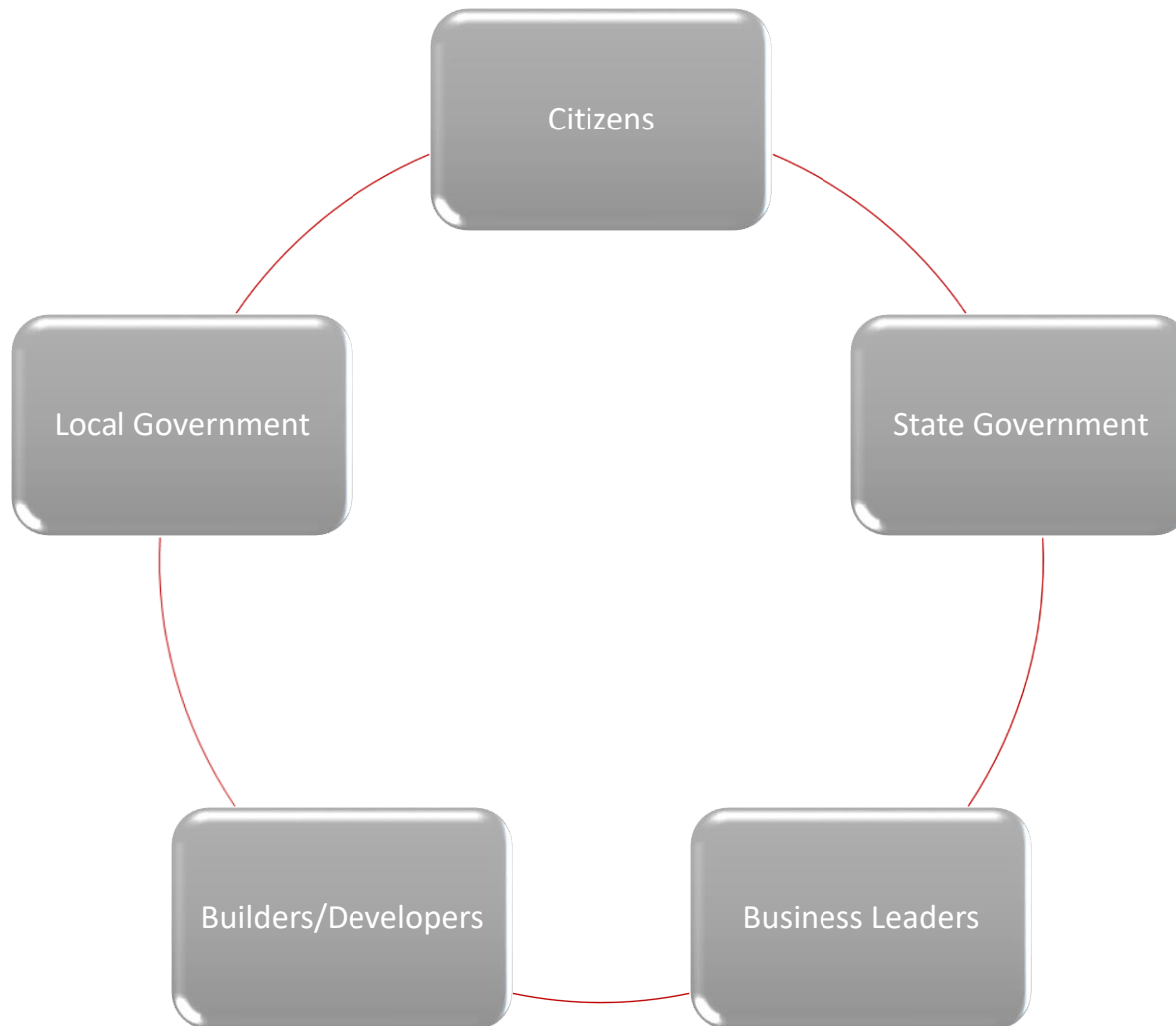
HTC Example 3



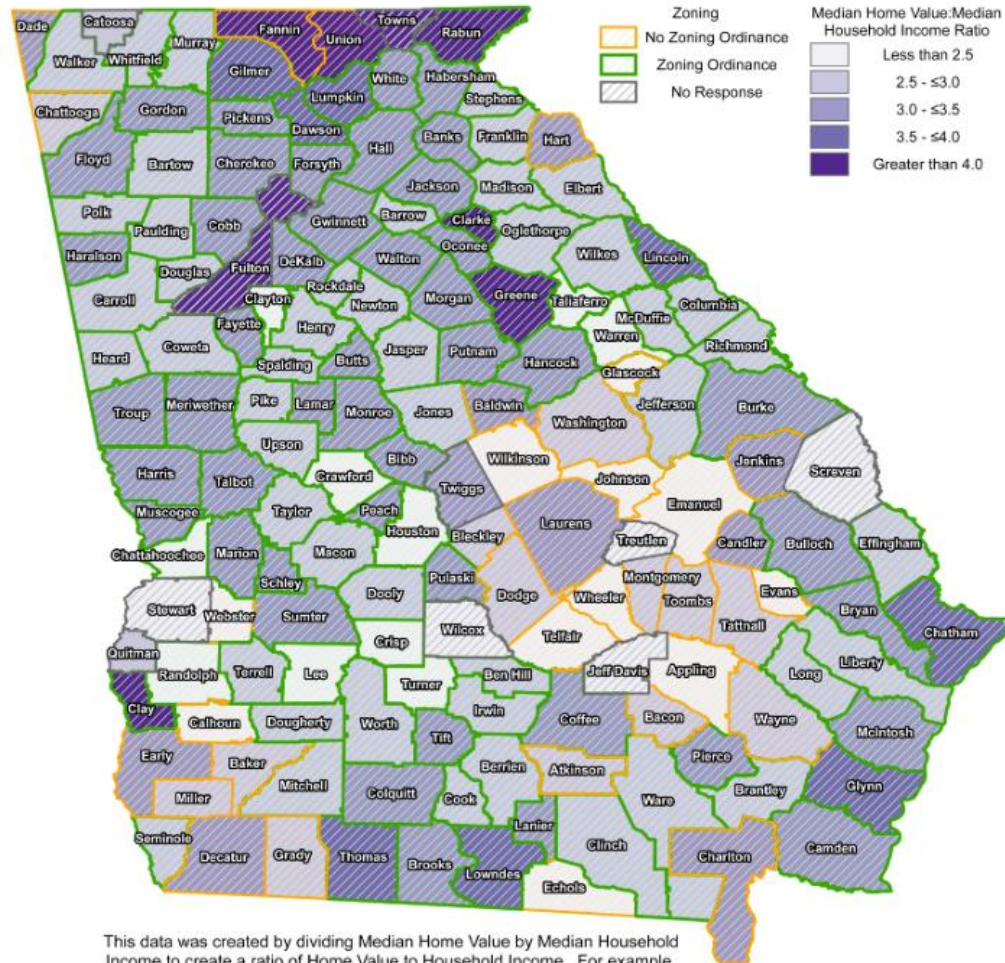
HTC Example 4



# Who should be engaged in a community's plan for affordable housing?



## Median Home Value Versus Median Household Income



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Data source: ACS 5 year, 2015 - 2019

## **Architectural Design Standards**

1. Slab Construction Prohibitions
2. Exterior Materials and Façade Requirements

## **Finance and Other Factors**

1. Land Value and Taxes
2. Lack of Incentives and Subsidies

## **Planning**

1. Lack of a defined Housing Element
2. Incongruence with Amenities & Infrastructure

## **Zoning**

1. Lot Size Restrictions
2. Square Footage Minimums
3. Multi-Family Exclusions/Limitations



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**Menti Poll Question –**

**What tools and resources do you need to effectively consider  
Affordable Housing in your Community?**

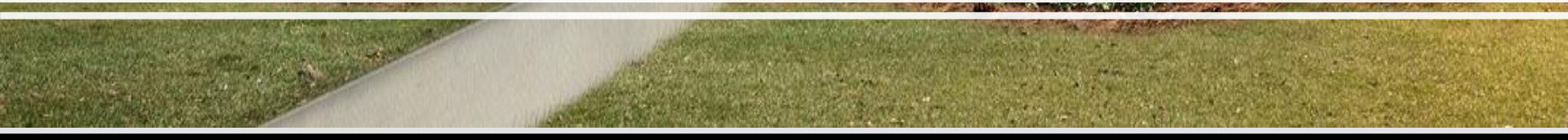


Other Types of Affordable Housing – Tiny Homes





Other Types of Affordable Housing – Modular Homes





Other Types of Affordable Housing – Industrial Reuse

