

SAMPLE HANDOUTS

What Is Affordable Housing?

What is affordable housing? Housing is considered affordable when a family or individual pays no more than 30% of their gross income to live in their unit.⁸ This includes utilities as well as rent or mortgage and property taxes. Today's moderately-priced housing is designed to house the workforce, older adults, people with disabilities, and others within the community.



Who needs affordable housing? For people with low wages or on fixed incomes, market-rate housing is too expensive and they may need assistance from government or private sources to keep their housing costs within their means. The most vulnerable populations tend to be large families, families whose circumstances change through job loss, spouse loss or illness, the frail elderly, people with disabilities, and victims of domestic violence.

Isn't affordable housing just Section 8? Housing Choice Vouchers (formerly called Section 8) are one of many government tools used to create affordable housing. Vouchers are "demand-based" (i.e., they boost income – similar to first-time homebuyer programs or employer-assisted housing that help with downpayment or closing costs). Other tools are supply-based (i.e., create units priced below-market), and can be funded by the U.S. Department of Urban Development (HUD), the Illinois Housing Development Authority (IHDA), local government or private grants or low-interest bank loans. Affordable housing units themselves can be in the form of shared housing (Homesharing); group homes; private units leased to non-profit social service organizations who in turn rent to low-income people or people with disabilities, often including supportive services; lease-to-purchase homes; senior rental or for-sale housing; and rehabilitation or new construction of rental or for-sale housing for mixed ages.



What does affordable housing look like? There is no standard "look" for affordable housing. On this page are examples of affordable housing in Chicago's northern suburbs:



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⁸ See U.S. Department of Housing and Urban Development (HUD), "Affordable Housing," <http://www.hud.gov/offices/cpd/affordablehousing/>

Affordable Housing Facts

The term “affordable housing” conjures up many images in peoples’ minds. Affordable housing is no longer plain looking high rises that are an eyesore and a drain on the community. Today’s moderately-priced housing is designed to house the workforce, older adults, people with disabilities, and others within the community. Affordable and accessible housing helps promote long term employment retention, cutting down on commutes and pollution, and helps those who grew up in the community to remain.

Affordable housing does not lower the property values in my community.

- Many studies have documented that contemporary affordable housing developments have no impact on nearby property values.
- In some cases it has been shown to increase nearby property values.

Affordable housing residents will and do fit into the community.

- Most residents of affordable housing already live or work in the community.
- They make care of their homes and neighborhoods a top priority; housing is not a speculative financial tool for these residents.

Affordable housing developments are a not a waste of taxpayer money.

- Affordable units are typically funded by a variety of resources outside of taxes.
- The residents of affordable housing pay taxes just like every other resident.

Land in the community is not too expensive for affordable housing.

- The cost of land can be lessened by tools such as community land trusts or land banks.
- Often land that is higher priced is in good shape and therefore requires less money to prepare for development.

Affordable housing does not look like “cheap housing.”

- All housing built in the community has to comply with the same building and design standards.
- Affordable housing is not built with “subquality” materials; the cost is lower because of funding from public and private sources.

Traffic will not increase and the affordable housing will not be a burden on the schools and roads.

- Studies show that residents of affordable housing drive fewer cars.
- All housing developments create an impact on the community regardless of the cost. Affordable housing per se does not burden schools or roads.

Affordable housing contributes to the local tax base.

- All affordable developments pay taxes in the same way as all other housing.

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Tools to Create Affordable Housing

Community Land Trust (CLT):

- Land is the most expensive part of developing housing
- A CLT owns the land and allows the land to be used for moderately-priced housing to be developed.
- Residents would buy or rent the unit not the land which helps maintain the high costs.
- This tool can be used to preserve long term affordability of the housing.

Inclusionary Zoning:

- Local municipalities can use this tool to require developers to create a certain percentage of affordable housing.
- Density bonuses allow developers to create more units in a space in order to make a percentage of those units more affordable.
- For example if zoning allows a 10 unit development, the developer could get a bonus to develop 12 units, but a percentage (determined by the community) must be affordable.

Affordable Housing Trust Fund:

- A fund created by local municipalities to help promote the development of affordable housing through having a pool of money available for its development.
- The fund can be replenished by a variety of sources; some communities have used real estate transfer taxes, demolition fees and many others.
- The fund can be used for land acquisition, construction costs or other cost associated with the development.
- Some of these funds can be used to help low income renters and owners.

Land Banks:

- Similar to a CLT a land bank is a system of setting aside land specifically for affordable housing development.
- The land for these banks can come from open unused land within the community, land that is donated to the Land Bank, other land within the community.
- The land will be held and maintained by the Land Bank until a group is able to develop workforce housing on the land, the land is then turned over to the group at a moderate price to keep the cost of the housing down.

Other Community Solutions:

- Are there open rental units within your community that are unused (i.e. coach houses, garage apartments, etc.)? Can those be turned into rental units that create income for the owners and provide housing for the workforce within the town?

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The Value of Diversity in Housing

The New Jersey Supreme Court found against the exclusionary practices of the Township of Mount Laurel back in 1975. The court opinion by Justice Frederick Hall and the concurring opinion by Justice Pashman in effect summarize years of scholarship on the subject of suburban exclusionary zoning. Justice Pashman in his concurring opinion goes beyond the legal terminology of the decision in an attempt to explain in very human and understandable terms what this decision should mean for the people of New Jersey.

“It is not the business of this Court to instruct the municipalities of the State of New Jersey on the good life. Nevertheless, I cannot help but note that many suburban communities have accepted at face value the traditional canard whispered by the “blockbuster”: “When low income families move into your neighborhood, it will cease being a decent place to live.” But as there is no difference between the love of low income mothers and fathers and those of high income for their children, so there is no difference between the desire for a decent community felt by one group and that felt by the other....

Equally important, many suburban communities have failed to learn the lesson of cultural pluralism. A homogeneous community, one exhibiting almost total similarities of taste, habit, custom and behavior is culturally dead, aside from being downright boring. New and different life styles, habits and customs are the lifeblood of America. They are its strength its growing force. Just as diversity strengthens and enriches the country as a whole, so will it strengthen and enrich a suburban community....

Finally, many suburban communities have failed to recognize to whom the environment actually belongs. By environment, I mean not just land or housing, but air and water, flowers and green trees. There is a real sense in which clean air belongs to everyone, a sense in which green trees and flowers are everyone’s right to see and smell. The right to enjoy these is connected to a citizen's right to life, to pursue his own happiness as he sees fit provided his pursuit does not infringe another’s rights.

The people of New Jersey should welcome the result reached by the Court in this case, not merely because it is required by our laws, but, more fundamentally, because the result is right and true to the highest American ideals.”

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The Housing Choice Voucher Program (Section 8)

What is the Housing Choice Voucher Program? This is a federal, HUD housing program (administered by local housing authorities) that provides housing assistance to low-income renters. Assistance is in the form of a voucher that tenants present to their landlords to help pay rent. Tenants pay 30% of their gross income towards rent and utilities while the voucher pays the remainder.

How does a person qualify? The recipient must be a low-income (below 50% of the area median income). For the Chicago area:

Household Size	50% of Median
1	\$25,350
2	\$29,000
3	\$32,600
4	\$36,200
5	\$39,100
6	\$42,000
7	\$44,900
8	\$47,800

Source: <http://www.huduser.org/portal/datasets/il/IL2014/2014summary.odh>

How much are vouchers worth? Voucher prices are determined by location. HUD determines a fair market rent for a local area which determines how much a voucher is worth. Contact your local Housing Authority to determine the payment standard.

How is rent paid? The owner receives rent directly deposited into their account from the local Housing Authority. The tenant pays their portion to the landlord separately.

Example rent calculation:

For example if a renter makes \$12,000 a year or \$1,000 per month and the property rent is \$1,350:

Rent for the unit	= \$1,350
Renter pays \$1,000 x 30%	= \$ 300
Housing Authority pays	= \$1,050
<hr/>	
Total rent received by landlord	= \$1,350

How does an owner screen voucher holders?

An owner screens voucher holders the same as every other tenant: based on credit worthiness, references, and past housing history. Recipients of subsidized housing are the most scrutinized tenants and are subject to one strike evictions (recipients lose their subsidy if they commit or are connected to criminal activity). Tenants with housing choice vouchers are some of the most highly scrutinized tenants in the nation. Households with a voucher have been screened for criminal background, household verification, and income verification.

The Housing Choice Voucher Program (Section 8)

Often “affordable housing” automatically gets associated as “Section 8 housing.” What exactly is “Section 8”?

The Housing Choice Voucher Program formerly known as Section 8, is a federally-funded program that provides housing assistance to low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market.

- **As a voucher program, it accompanies the family. It is not apartment based.**
- **Voucher holders are protected under Cook County law.** Landlords are required to accept applications from qualified voucher holders as they would with anyone else. Of course, they can – and should – apply the same screening methods uniformly.
- **It is administered by the local housing authority.** (In Chicago’s northern suburbs that would be either be the Cook or Lake County Housing Authority).
- **It works this way:** the voucher’s value is the difference between what the tenant can afford (30% of the tenant’s gross household income) and the fair market rent for the area. In other words, if the rent is \$1,000 per month but the tenant can only afford \$300, the voucher is worth \$1,100. So the landlord gets two checks – one from the tenant, and one from the PHA.

Since housing assistance is provided on behalf of the family or individual, participants have the freedom to find their own housing, including single-family homes, townhouses, and apartments. This program was first authorized under the U.S. Housing Act of 1937 and the current program was reauthorized by the Housing and Community Development Act of 1974.

Program recipients must meet basic obligations in order to maintain the voucher. There are no time limits on participation in the program, but household income must be re-certified on a regular basis.

To qualify for the voucher program a family or individual must be low-income, defined as making below 50% (in 2014, \$38,000 for a family of four) of the area median income. One of the unique provisions of the voucher program is that once a person has a voucher, they can use the voucher anywhere in the country where a PHA is operating. This is intended to give recipients the opportunity to move to high-opportunity areas.

Voucher holders are subject to the same rules and guidelines as other tenants. Landlords must follow all fair housing guidelines when renting to voucher holders. They must also follow local building codes and regulations. Voucher holders like all tenants must be responsible citizens. Landlords are able to collect security deposits from voucher holders and must follow the state laws and local ordinances (if applicable) regarding security deposits.

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How Can a Landlord Participate in the Housing Choice Voucher (Section 8) Program:

Step 1: Advertise the unit. Many local Housing Authorities and other agencies will advertise the available unit on their website and/or housing lists.

Step 2: Screen applicants as all other applicants are screened. Standards should be based on objective business-related considerations. Fair Housing Laws prevent discrimination and differential treatment based on certain protected classes.

Step 3: Approve the tenant, offer a lease (one year minimum), and review the voucher. Make sure the voucher has not expired (vouchers expire after 60 days unless they have been extended). The voucher will also indicate the number of bedrooms required. Typically, a family cannot accept a smaller unit than is stated. The owner/manager needs to complete these forms: (1) Request for Lease Approval; (2) Lease; and (3) Housing Assistance Payment Contract (housing authorities participate in direct deposit programs) to participate.

Step 4: The Housing Authority inspects and approves the unit. Before the unit can be approved, it must meet housing quality standards. The Housing Authority will arrange a date and time for the inspection. If there are problems that need correcting the owner/manager will be notified in writing and given reasonable time to make repairs. At that point a second inspection can be scheduled.

Step 5: The Housing Authority and the owner/manager sign a Housing Assistance Payment (HAP) contract. Rent is usually paid by the Housing Authority on the last day of the month prior to its due date on the first. Rent may be adjusted as the tenant's income fluctuates. Direct deposit may be established at this time. Tenants will pay their portion of the rent to the landlord/manager separate from the Housing Authority.

Affordable Housing: What Every Community Should Know

Presented By:
Open
Communities



Why Is Housing Important?

“Housing matters for two reasons: stability of families and communities, and our overall economy. A decent, affordable home is a platform for stability and dignity in a family’s life. It presents a stake in the life of the community.” - F. Barton Harvey, CEO of The Enterprise Foundation

Why Is Housing Important? cont’d

- “Good housing and strong communities go hand in hand.” - Michael Rubinger, President and CEO, Local Initiatives Support Corporation
- “Housing plays a critical role in fostering personal wealth, strong communities, and economic growth.” - Craig Nickerson, Freddie Mac

What is “Affordable Housing”?

- Tenants pay no more than 30% of their income on the rent
- Housing that people working or retired in the community can afford
- Housing that is available to those earning less than 80% of the county median income
- Having the opportunity to live near work

Housing definitions

- Affordable rent- in general, a monthly cost for rental housing, plus the estimated average monthly utility costs, that does not exceed 30% of the household’s average gross monthly income
- Fair Market Rent (FMR)- the median rent, based on number of bedrooms, of all rents in the market area

Housing Facts

Housing Costs and Vacancy Rates

- Rents have increased at a faster rate than inflation
- Not affordable to minimum wage
- Regional rental vacancy rates are currently 4.5%

Housing in the Northern Suburbs

- Rental units are disappearing
- New housing construction is unaffordable to low and moderate-income individuals
- "Empty nester" homes
- Condo conversions
- Condos not family friendly

Housing in the Northern Suburbs

- Median Home Price: \$600,000
 - Unaffordable to
 - Fire Fighters
 - Teachers
 - Nurses
 - Police Officers
 - Retail Store Managers

Who Needs Affordable Housing?

The Need For Affordable Housing: Seniors

- Fixed incomes
- Independent living demand has increased
- Waiting lists may be up to 10 years long



The Need For Affordable Housing: People with disabilities

- Limited incomes
- Long waiting lists
- The demand for independent living has increased
- Older buildings-inaccessible



The Need For Affordable Housing: Families with Children

- Cities discouraging multi-family housing
- Discrimination
- New developments targeting "Empty Nesters"



The Need For Affordable Housing: Young Adults

- Salaries pay below local median income
- Pay more than 30% of income on housing
- Long commutes

The Need For Affordable Housing: Single Parent Households

- Child care costs
- Discrimination



The Need for Affordable Housing: People paid below the local median income

- Teachers
- Nurses
- Social workers
- Clergy
- Firefighters
- Childcare workers
- Police officers



Benefits of Affordable Housing

- Provides housing options for singles, young couples, seniors and larger families
- Allows greater opportunities for "moving up" or "downsizing" while staying in the same community



Benefits cont'd

- Increases diversity in neighborhoods and schools
- Businesses are better able to attract and retain employees



What Does Affordable Housing Look Like?

Claridge Apartments- Evanston



Walnut Place- Highland Park



Frank B. Peers Senior Housing- Highland Park



Sunset Woods- Highland Park



Shore Line Place- Wilmette, IL



Gates Manor- Wilmette



Village Green Atrium- Wilmette



Barriers to Affordable Housing

- Exclusionary zoning ordinances such as those enforcing low density housing and limiting land use
- NIMBY
- Myths, stereotypes and fears of the unknown

Myths of Affordable Housing

“As we grow more isolated from each other, personal gripes grow into blanket truths. We have lots of opinions and we shout them angrily into the wind...” -Carol Muske Dukes

MYTHS vs. TRUTHS

- MYTH: Affordable housing in a community lowers property values.



- TRUTH: Studies have repeatedly shown that the inclusion of well-designed, well-maintained affordable housing in a neighborhood has no negative effect on neighboring property values.

MYTHS vs. TRUTHS

- MYTH: Affordable housing is generally large and unappealing.
- TRUTH: Today, well planned and designed structures are being built that closely model the style and structure of the pre-existing homes in the surrounding area.



MYTHS vs. TRUTHS

- MYTH: Affordable housing will raise taxes
- TRUTH: Affordable housing frequently has a neutral or negligible effect on the local tax rate. Also, affordable developments pay their own property taxes.



MYTHS vs. TRUTHS

- MYTH: Individual communities have to subsidize low-income housing
- TRUTH: Financing to make rents low comes from the state or HUD



MYTHS vs. TRUTHS

- MYTH: Adding low-income children lowers school quality and forces property tax increases
- TRUTH: Studies have shown that when low-income students move to low-poverty areas, their scores become equal to those of other students because their housing is now secure



MYTHS vs. TRUTHS

- MYTH: All people who live in affordable housing are on welfare or won't fit into my neighborhood
- TRUTH: Many people who need affordable housing are already working in our towns. A rent increase, divorce, job loss or other adverse circumstance may cause others to need affordable housing



MYTHS vs. TRUTHS

- MYTH: Affordable housing increases crime
- TRUTH: Research reveals no correlation between well-built affordable housing and crime rates



MYTHS vs. TRUTHS

- MYTHS: Affordable housing will lead to traffic congestion and school overcrowding
- TRUTHS: Research studies reveal no such links between affordable housing and these community problems



MYTHS vs. TRUTHS

- MYTH: In the suburbs, seniors are the most in need of affordable housing
- TRUTH: While many seniors are on limited incomes, single mothers already living in the community, people with disabilities, and other existing residents are in need of affordable housing.



Supporting Affordable Housing in Your Community

- Encourage development of multifamily housing
- Adopt living wage ordinances to increase individual incomes
- Adopt inclusionary zoning ordinances that would, over time, increase the supply of affordable rental units
- Develop a citywide affordable housing plan

“How is a village a village? By including young and old, white and black, rich and poor, churches and shops.”



- Anonymous

For more information contact:



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References for this presentation are available upon request