



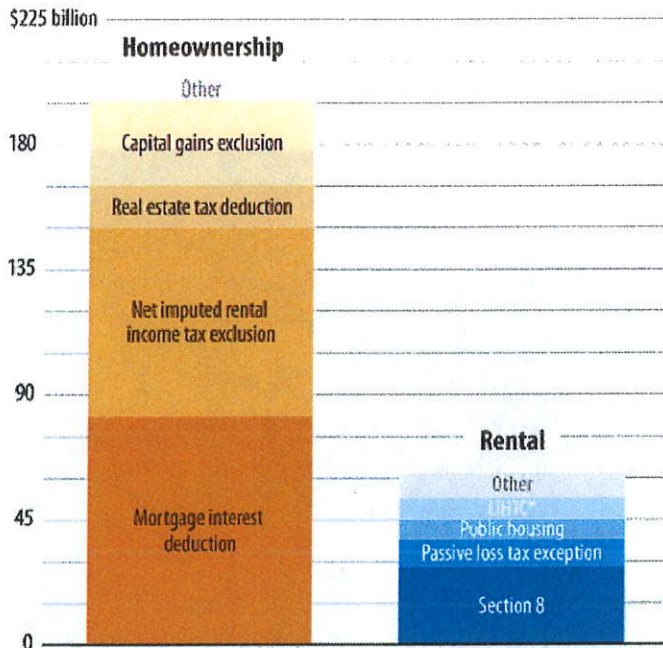
Creekside Commons – 30 apartments for families

Developed and owned by Beacon Interfaith Housing Collaborative

www.beaconinterfaith.org

Three-Quarters of Federal Housing Expenditures Benefit Homeowners

Federal housing expenditures, 2012



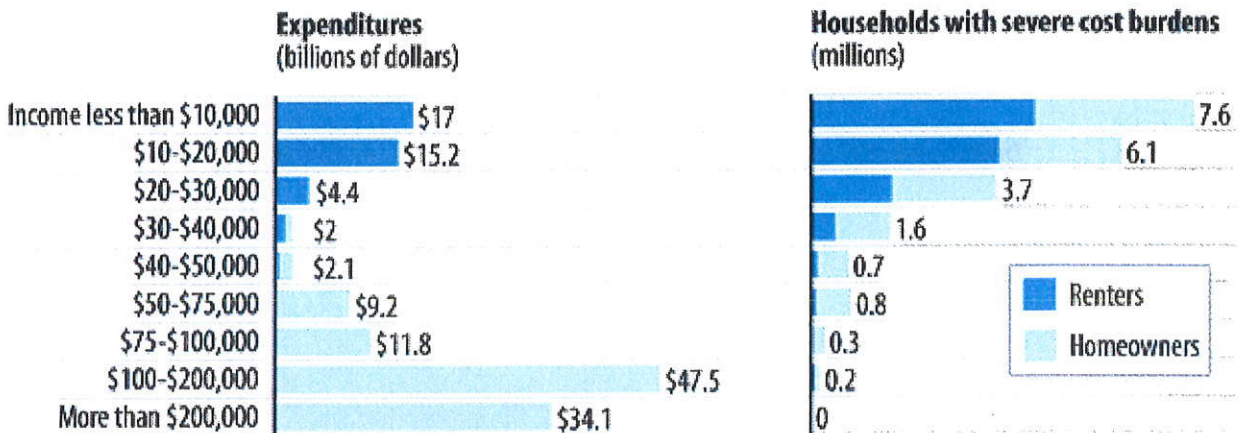
*Low-Income Housing Tax Credit

Notes: These numbers do not include federal expenditures to support Fannie Mae and Freddie Mac, which would have added considerably to homeownership-related spending, or the approximately \$1 billion of housing-related spending through the Community Development Block Grant program, of which the majority is for homeownership assistance or rehabilitation of single-family homes.

Source: Office of Management and Budget public budget database and Budget of the United States, FY 2014, Analytical Perspectives. Figures include outlays and tax expenditures for 2012.

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Federal Housing Expenditures Poorly Matched to Need



Notes: Homeowner expenditures include the mortgage interest and property tax deductions; income figures are for tax filing units. Rental expenditures include total outlays for the Housing Choice Voucher, Section 8 Project-Based, Public Housing, Housing for the Elderly (Section 202), and Housing for People with Disabilities (Section 811) programs; income figures are for households. Data on the income of beneficiaries of various housing expenditures are available only for these programs, which represent somewhat more than half of homeownership and rental spending. HUD defines households with severe cost burdens as those paying more than half their income for housing.

Source: Joint Committee on Taxation, Estimates of Federal Tax Expenditures for Fiscal Years 2011-2015, Table 3, and CBPP analysis of HUD program data, Census data on number of households and cost burdens in each income group, and the Office of Management and Budget public budget database.

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Myths and Stereotypes about Affordable Housing

MYTH: Affordable housing will drive down property values.

REALITY: Repeated research has shown that affordable housing has no negative impact on the price or frequency of sales of neighboring homes. A recent study of four very-low-income family housing developments in suburban Chicago – Victorian Park in Streamwood, Liberty Lakes Apartments in Lake Zurich, Waterford Park Apartments in Zion, and Brookhaven Apartments in Gurnee - revealed that affordable housing can have a positive impact on



Mixed-Income Condo Development,
Lincoln, MA

surrounding property values. A Wisconsin study of housing constructed under the Low Income Housing Tax Credit program concluded that property values surrounding these developments rose, even in relatively affluent areas. In addition, mixed-income buildings can boost the residential real estate market in many areas by replacing the blighted buildings that keep real estate values low. Numerous studies over time from around the country support the general notion that affordable housing has no negative impact on surrounding property values—especially if it is thoroughly integrated into the neighborhood.¹

MYTH: Affordable housing will increase crime in the community and bring in undesirable residents.



Mixed-Income Townhome
Development, Fairfax County, VA

REALITY: Affordable housing can help a community maintain a stable population by making it easier to retain people who already live and work there. There is no evidence that affordable housing brings crime to a neighborhood. In fact, affordable housing, as a tool of economic development, can often help to lower crime rates. The National Crime Prevention Council calls for the construction of affordable housing to reduce crime because “neighborhood cohesion and economic stability are enhanced in areas where the continuing supply of dispersed, affordable housing is assured.”²

Whether a development will be an asset or a detriment to a community more often turns on basic management practices: careful screening, prudent security measures, and

regular upkeep. Most affordable housing residents are seeking safe and decent housing that will allow them to live self-sufficient lives in a good community.

MYTH: Affordable housing will look like “cheap housing.”

REALITY: Affordable housing must comply with the same building restrictions and design standards as market-rate housing. Builders know that it makes sense to use the same construction techniques and materials for all units in a development. Furthermore, because affordable housing is often funded in part with public money, sometimes it needs to comply with additional restrictions and higher standards than



Mixed-Income Single-Family Development, Boulder, CO

market-rate housing. Groups like the Franciscan Ministries, the Community Housing Association of DuPage, the Lake County Residential Development Corporation (LCRDC) and a number of for-profit housing developers provide strong examples of high-quality affordable housing that blends in with market-rate housing here in the Chicago region. Many developments incorporating affordable units are built as low-rise garden apartments at a scale similar to large houses. Affordable housing is not affordable because it’s built with “sub-quality” materials; it is affordable in the sense that it is less costly to live in because it is supported by additional public and private funds.

MYTH: Affordable housing will bring lots of large families to the community, increasing the burden on schools and roads.



Mixed-Income Development, Denver, CO

REALITY: According to the U.S. Census Bureau, rental apartments have fewer children per unit on average than owner-occupied, single-family housing; rental apartments contain a lower percent of units with one or more school aged children; and rental units have a lower average number of motor vehicles per unit.³ A Massachusetts study found that multi-family housing developments did not increase school costs.⁴ Although not all multi-family rental units are affordable, they make up the bulk of affordable housing.

Affordable housing helps reduce the number of cars on the road by allowing working people to live near their jobs. In addition, studies show that affordable housing residents own fewer cars and drive less often than residents of market-rate homes.⁵

MYTH: Affordable housing will reduce the quality of local schools and hurt standardized test scores.

REALITY: Without affordable housing, many families are forced to move frequently, and their children are unable to remain in the same school for long. A Minneapolis study found that children whose families moved during the course of the school year attended school less often and scored significantly lower on standardized tests than those who stayed in one place.⁶ Research on Chicago-area residents reveals that students forced to move around are much more prone to drop out of school.⁷ Affordable housing minimizes such disruptions to children's education.



Mixed-Income Development,
Montgomery County, MD

Economic integration of neighborhoods is necessary to create regional school systems in which all schools—not just a few—are excellent. Montgomery County, Maryland, has one of the most extensive ordinances setting aside affordable units in any new residential development, and consequently its population is economically integrated. The county also has one of the nation's best school systems, proving that affordable housing may even contribute to school quality.⁸

Affordable housing also helps schools attract and retain the best teachers. School districts across the country have developed innovative affordable housing programs that recognize that it is important for teachers to put down roots in the communities where they teach, and the federal government's "Teacher Next Door" program also helps teachers live in the school districts where they teach at a price they can afford.⁹

MYTH: Affordable housing doesn't contribute to the local tax base and overburdens the local property tax system.



Mixed-Income Single-Family Home
Development, Weston, MA

REALITY: Nationwide, the effective tax rate (property tax paid relative to the market value) for multi-family complexes is significantly higher than single-family homes.¹⁰ Thus, multi-family developments pay their "fair share" in local property taxes. A Massachusetts study of 41 towns found that multi-family complexes often generated a profit for local governments.¹¹ Most cities that have enacted inclusionary zoning ordinances have found that they spur more than enough economic development to keep public finances on a sound footing.¹² Furthermore, as stated above, multi-family housing offers greater efficiency in use of public services and infrastructure.

Across the country, municipalities with volunteer fire and ambulance crews have been facing pressure to hire salaried personnel as high housing costs force volunteers to move away. Affordable housing can help these communities retain their volunteers and thus keep public safety expenses down.¹³

MYTH: Affordable housing represents just another government welfare hand-out.

REALITY: Wealthy homeowners benefit the most from federal housing subsidies. They receive a federal income tax deduction for mortgage interest paid, which is the largest housing subsidy program in the U.S., and a similar deduction for property taxes paid. In 2003, the federal government spent **\$57.2 billion** in housing-related tax expenditures to households in the top income quintile alone.



Mixed-Income Development, Denver, CO

That number is nearly twice as much as the **\$31.8 billion** federal government spent that year on housing subsidies for households in the bottom quintile, those making less than \$18,500.¹⁴ It is also nearly 40% more than the **\$41.5 billion** that the government spent to preserve, maintain, and build affordable rental housing through the entirety of the Department of Housing and Urban Development (HUD) budget (\$38 billion) and the low-income housing tax credit program (\$3.5 billion).¹⁵

MYTH: Affordable housing is not fair; only the very poor benefit.



Mixed-Income Development, Longmont, CO

REALITY: A lack of affordable housing negatively affects employers, seniors, poor people, immigrants, entry-level and service sector workers, and public sector professionals such as teachers, firefighters, and police officers. It also impinges on broader quality of life issues such as the economic development of the region, traffic congestion, commute times, and air quality. In short, it affects us all. Effectively solving the affordable housing crisis does not mean addressing the needs of just the poor; it also means addressing the needs of the business

community, working- and middle-class families, and the broader population.

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Paper Series, September 2001; Maxfield Research, *A Study of the Relationship Between Affordable Family Rental Housing and Home Values in the Twin Cities* (Minneapolis, MN: Family Housing Fund, 2000).; Joyce Siegel, *The House Next Door*, Innovative Housing Institute, 1999. <http://www.inhousing.org/housenex.htm>.; Elizabeth Warren, Robert Aduddell, and Raymond Tatlovich. *The Impact of Subsidized Housing on Property Values: A Two-Pronged Analysis of Chicago and Cook County Suburbs*. Center for Urban Policy, Loyola University of Chicago, Urban Insight Series No. 13, 1983.; Paul Cummings and John Landis, *Relationships Between Affordable Housing Developments and Neighboring Property Values*. Institute of Urban and Regional Development, University of California at Berkeley, Working Paper 599, 1993.; Jeffery Baird, *The Effects of Federally Subsidized Low-Income Housing on Residential Property Values in Suburban Neighborhoods*. Northern Virginia Board of Realtors Research Study, December 1980.; Hugh Nourse, "The Effect of Public Housing on Property Values in St. Louis." *Land Economics* 60 (2), 1984.; Carol Babb, Louis Pol, and Rebecca Guy, "The Impact of Federally-Assisted Housing on Single-Family Housing Sales: 1970-1980." *Mid-South Business Journal*, July 1984; Robert Lyons and Scott Loveridge, *An Hedonic Estimation of the Effect of Federally Subsidized Housing on Nearby Residential Property Values*. University of Minnesota, Department of Applied Economics, 1993.

- ²National Crime Prevention Council, Topics in Crime Prevention. "Strategy: Ensure Supply of Affordable Housing." <http://www.ncpc.org/ncpc/ncpc/?pg=2088-9318>. Accessed June 1, 2004.
- ³U.S. Census Bureau Decennial Census, 2000; U.S. Census Bureau American Housing Survey, 1995 and U.S. Census Bureau's Current Population Survey, 1998).
- ⁴Community Opportunities Group and Connery Associates, *Housing the Commonwealth's School Age Children*. Boston: Citizens' Housing and Planning Association, 2003.
- ⁵National Association of Realtors, "Smart Growth Techniques Pave the Way." <http://www.realtor.org/SG3.nsf/Pages/sum03afford?OpenDocument>; *Building Inclusive Community: Tools to Create Support for Affordable Housing Home Base/The Center for Community Concerns* (1996). Excerpts Available Online: http://www.housingminnesota.org/take_action/chall_stereotypes.html. California Planning Roundtable, *Myths and Facts about Affordable and High Density Housing*. Available online at <http://www.cprroundtable.org/cprwww/docs/mythsnfacts.pdf>.
- ⁶Family Housing Fund, *Kids Mobility Project Report*, March 1998. Available at <http://www.fhfund.org/dnld/reports/kids.doc>.
- ⁷Chicago Coalition for the Homeless.
- ⁸David Rusk, "The Baltimore Region Is Moving Towards Greater Economic School Segregation," Abell Foundation, September 2003.
- ⁹Galley, Michelle, "For Sale: Affordable Housing for Teachers." *Education Week* 20:25, pp. 16-17. Also available at <http://www.edweek.org/ew/ewstory.cfm?slug=25housing.h20>.
- ¹⁰U.S. Census Bureau Residential Finance Survey, 1991. Minnesota Tax Payers Association National Survey, 1998.
- ¹¹Judith Barrett and John Connery, *Housing the Commonwealth's School-Age Children*. Citizens' Housing and Planning Association Research Study, August 2003.
- ¹²*Inclusionary Zoning: A Policy That Works for the City That Works*. BPI Research Study, December 2003.
- ¹³National Volunteer Fire Council, "The Needs of America's Volunteer Fire Service." Available online at http://www.nvfc.org/news/hn_american_fireservice_needs.html.
- ¹⁴Dolbeare, Basloe Saraf and Crowley. 2004. *Changing Priorities: the Federal Budget and Housing Assistance 1976-2005*. Washington, DC: National Low Income Housing Coalition.
- ¹⁵Numbers below from: U.S. Census Bureau, *2003 Statistical Abstract of the United States*, Section 9: Federal Government Finances and Employment. Available Online: <http://www.census.gov/prod/2004pubs/03statab/fedgov.pdf>.

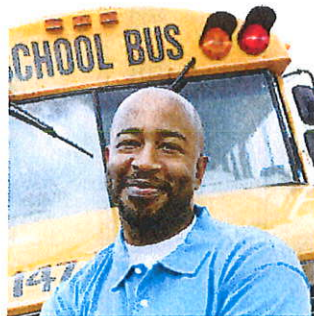
Working Doesn't Always Pay for a Home

The economy and housing market in the Minneapolis-Saint Paul region are recovering from the Great Recession, yet even a full-time job does not guarantee access to a home that is affordable for many families.

Today, rental vacancy rates are about two and a half percent, well below a healthy five percent, keeping rents high and out of reach for many working families. Additionally, while home prices are lower than peak years, the average single-family home remains too costly for many individuals and families.

A typical two-bedroom apartment in the metro area rents for \$1,103 per month, and the median for-sale home price is \$218,000. A home is considered to be affordable if a family pays no more than 30 percent of its income on housing costs, or 45 percent on combined housing and transportation costs. Any more than this, and families often must cut back on other necessities such as food, clothing, and medical care.

After housing, transportation is usually a household's second largest expense. When you factor in the average transportation costs for the Minneapolis-Saint Paul region, the cost burden on a household increases by 15 to 20 percent, depending upon a household's living and working locations.¹



Households with only one full-time wage earner, such as single parent families or families in which one parent does not work outside the home, face particular difficulty finding an affordable home. Even households with two family members working full-time in jobs that pay up to \$10.25 an hour (\$21,320 per year) cannot afford the typical two-bedroom apartment or single-family house.

By the 30 percent measure, a family would have to earn \$44,100 per year (\$21.20 per hour) to afford to rent a two-bedroom apartment or \$60,000 per year (\$28.85 per hour) to afford to buy a modest single-family house. However, half of the jobs in the Twin Cities metro area pay less than \$41,930.

The need for housing that is affordable for working families is especially acute in communities with many low-to-moderate wage jobs, but few lower-priced apartments and houses. While many workers earning low and moderate wages are providing essential services for residents of local communities—child care, food service, health care, school bus driver, or bank teller, for example—they often are priced out of housing in the communities in which they work.

Ensuring that there is a full range of housing choices with access to transit in our cities builds economic prosperity and competitiveness by attracting and retaining residents to support key employers.

The table on the back shows what individuals in different professions can afford to pay for housing and what homes for families actually cost as a percentage of their income.

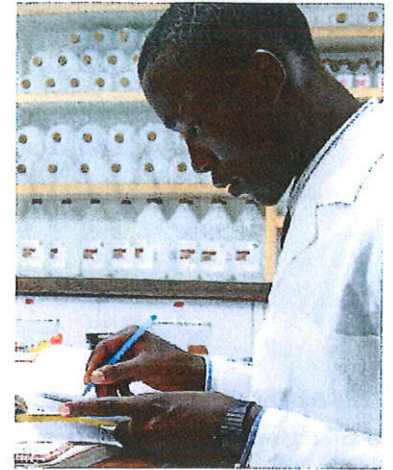
¹ The Location Affordability Transportation Cost Calculator, available at www.locationaffordability.info/tcc.aspx, estimates a household's transportation costs based on user-entered information, enabling households, real estate professionals, and housing counselors to compare costs in different communities. The Location Affordability Index, available at www.locationaffordability.info/lai.aspx, is a tool for developers, planners, and policy-makers to prioritize and make planning and investment decisions.

The walkability of neighborhoods also affects a household's transportation costs. Walk Score measures the walkability, transit friendliness, and bike friendliness of neighborhoods and cities. Users can use this tool, available at www.walkscore.com, to compare the walkability of different communities.

Percentage of Income Needed for Housing
in the Twin Cities Metropolitan Area

Workplace Position	Median Yearly Salary for Full-time Worker ²	Monthly Amount Can Afford for Housing ³	Percentage of Income Required to Rent 2-Bedroom Apt. ⁴	Percentage of Income Required to Own a House ⁵
Minimum Wage (\$8/Hour)	\$16,640	\$416	80%	108%
Assembly Worker	\$34,195	\$855	39%	53%
Cashier	\$20,717	\$518	64%	87%
Child Care Worker	\$23,587	\$590	56%	76%
Dry Cleaner	\$27,186	\$680	49%	66%
File Clerk	\$30,389	\$760	44%	59%
Home Health Aide	\$25,376	\$634	52%	71%
Host/Hostess	\$18,595	\$465	71%	97%
Janitor, Cleaner	\$25,251	\$631	52%	71%
Landscaper/Groundskeeper	\$27,602	\$690	48%	65%
Maid/Housekeeping Cleaner	\$21,778	\$544	61%	83%
Nursing Assistant	\$29,931	\$748	44%	60%
Parking Lot Attendant	\$21,736	\$543	61%	83%
Receptionist	\$29,910	\$748	44%	60%
Restaurant Cook	\$24,690	\$617	54%	73%
Salesperson, Retail	\$21,424	\$536	62%	84%
School Bus Driver	\$33,987	\$850	39%	53%
Security Guard	\$28,350	\$709	47%	63%
Taxi Driver	\$24,586	\$615	54%	73%
Teacher Assistant	\$32,964	\$824	40%	55%
Telemarketer	\$30,035	\$751	44%	60%
Teller	\$25,293	\$632	52%	71%

² Source: Minnesota Department of Employment and Economic Development, Occupational Employment Statistics with 1st Quarter 2015 wage estimates, Twin Cities MSA.
³ Based on 30% of income.
⁴ Based on 1st Quarter 2015 GVA Marquette Advisors average rent of \$1,103 for a two-bedroom apartment in the Twin Cities metropolitan area.
⁵ Based on Minneapolis Area Association of Realtors Median Sales Price of \$218,000 for a single family home sold in the Twin Cities metropolitan area for the year-to-date 2015 (as of June).



The statistics on housing costs and wages in this publication have been updated using the most current data available as of July 2015.

This publication is part of a Public Education Initiative on affordable housing sponsored by the Family Housing Fund. The Family Housing Fund is a private, nonprofit organization created in 1980 to help bridge the gap between the housing that people need and the housing they can afford. Its mission is to provide safe, affordable, sustainable homes to all families in the Twin Cities metropolitan area through ongoing partnerships with the public and private sector.

For more information about the Family Housing Fund and/or to view other publications available in this series, please visit www.fhfund.org.



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