

22 N.BUTLER STREET, MADISON, WI

1904 FRANK LLOYD WRIGHT,  
DISOWNED AFTER ROOF GARDEN  
WAS REPLACED WITH ANOTHER  
APARTMENT AND AN EXTERNAL  
STAIRCASE WAS ADDED



# MAIN TOPICS OF MY TALK TODAY

- HOUSING AFFORDABILITY
  - HOW MUCH DOES HOUSING COST?
  - WHO CAN AFFORD IT?
  - WHAT IS AVAILABLE TO THE TYPICAL HOUSEHOLD?
- SUBSIDIZED HOUSING FOR HOUSEHOLDS WITH LOW AND VERY LOW INCOME
  - HOW HARD IS IT TO GET HOUSING VERY LOW-INCOME HOUSEHOLDS CAN AFFORD?
  - WHAT ARE THEIR OPTIONS?

# DEFINITION OF “AFFORDABLE”

HUD SAYS HOUSING COSTING 30% OR LESS  
OF THE HOUSEHOLD INCOME IS “AFFORDABLE”

THUS, FOR A HOUSEHOLD WITH \$60,000 INCOME,  
A COST OF \$18,000 A YEAR OR \$1500 A MONTH IS  
CONSIDERED AFFORDABLE.

TODAY 49% OF RENTERS PAY MORE  
THAN 30% OF THEIR INCOME FOR  
HOUSING

MORE SHOCKING,

26% PAY MORE THAN 50%.

HALF OF ALL RENTERS CANNOT AFFORD THEIR RENT.  
MANY ARE SEVERELY BURDENED.

# WHAT INCOME MAKES RENTS AFFORDABLE?

MEDIAN ASKING RENT IN THE U.S. TODAY = \$2038/MONTH  
+ \$ 300/MONTH FOR UTILITIES

FOR A \$2300 MONTHLY HOUSING COST TO BE AFFORDABLE, HOUSEHOLD  
INCOME MUST BE \$7600/MONTH OR \$91,000/YEAR

IN LEXINGTON THE MEDIAN ASKING RENT = \$3000/MONTH  
+ \$ 300 /MONTH FOR UTILITIES

IN LEXINGTON AFFORDABILITY REQUIRES \$10,900/MONTH OR \$131,000/YEAR

=>THE MEDIAN RENTER HOUSEHOLD ANNUAL INCOME  
IN REAL DOLLARS IS ~\$42,000, LESS THAN HALF OF  
WHAT IS NEEDED FOR THE COST OF THE MEDIAN-ASK RENT  
TO BE AFFORDABLE

## LEXINGTON IS AN OUTLIER

MEDIAN HOUSEHOLD INCOME IS \$203,000  
TYPICAL LEXINGTONIAN CAN AFFORD LEXINGTON RENTS.  
(PROBABLY WHY THEY ARE SO HIGH)

NATIONALLY RENT/INCOME DISPARITY IS A BIG PROBLEM  
PARTICULARLY FOR LOW, VERY AND \EXTREMELY LOW-INCOME FOLKS.

PAY YOUR RENT OF BUY YOUR MEDS  
- AND MEDS AREN'T AFFORDABLE EITHER

# HOMEOWNERS ARE ALSO COST BURDENED

- 65% OF HOUSEHOLDS ARE HOMEOWNERS
  - 23% OF THEM PAY MORE THAN 30% OF INCOME FOR HOUSING
  - 10% PAY MORE THAN 50%

A QUARTER OF HOMEOWNERS ARE HOUSING-COST-BURDENED

MEDIAN HOUSEHOLD INCOME OF HOMEOWNERS = ~\$ 86,000

MEDIAN SELLING PRICE FOR A HOME (NEW OR EXISTING) = ~\$420,000

## TO BUY THAT \$420,000 HOME A HOUSEHOLD NEEDS

- DOWNPAYMENT OF \$ 80,000+
- CREDIT RATING OF 725 OR BETTER
- HOUSEHOLD INCOME OF ~\$115,000

\$115,000 IS 130% OF HOMEOWNER MEDIAN INCOME  
160% OF OVERALL MEDIAN INCOME OF \$71,500

⇒ YOUNG PEOPLE CAN'T BUY A HOME

- THEY DON'T HAVE THE INCOME
- THEY DON'T HAVE THE CREDIT RATING
- THEY DON'T HAVE THE DOWNPAYMENT

THEY LIVE AT HOME OR WITH ROOMMATES; MARRY LATER.  
LACK OF AFFORDABLE HOUSING DETERS FAMILY FORMATION.

**AS AN ASIDE, LEXINGTON IS CRAZY.**

**THE MEDIAN HOME PRICE IS SOMETHING OVER \$1.4 MILLION.**

**EVEN WITH A MEDIAN HH INCOME OVER \$200,000**

**THE ONLY PEOPLE WHO CAN AFFORD TO LIVE THERE**

**ARE EITHER IN SUBSIDIZED HOUSING**

**OR ALREADY OWN A HOME IN LEXINGTON.**



If you are a homeowner in Lexington, you are fortunate.

\$3,450,000  
7 bd, 8 ba, 7338 sqft

162 Vine St  
Lexington, MA



\$1,600,000  
5 bd, 4 ba, 2790 sqft

20 Shirley St,  
Lexington, MA



For Sale: \$900,000  
3bd, 2ba, 1250 sqft

50 School St  
Lexington, MA



THE MEDIAN INCOME HOMEOWNER WITH THE DOWN PAYMENT  
CAN AFFORD AN ~\$320,000 HOUSE

ALMOST HALF OF THE HOUSEHOLDS IN AMERICA  
CANNOT AFFORD EVEN A \$250,000 HOUSE

SINCE 2019 MEDIAN HOUSEHOLD INCOME HAS INCREASED 4%  
SINCE 2019 MEDIAN HOME SELLING PRICE HAS INCREASED 63%  
THE COST OF OCCUPANCY HAS INCREASED MORE

MEDIAN CREDIT SCORE FOR A RENTER IS ONLY FAIR AT 638  
MEDIAN CREDIT SCORE FOR A HOMEOWNER IS GOOD AT 714

RENTERS HAVE A MEDIAN INCOME IN THE 40s

THEY ARE SERIOUSLY DISADVANTAGED TO BE  
FIRST-TIME HOME BUYERS

MEDIAN INCOME HAS INCREASED 4% SINCE 2019

WHILE THE MEDIAN HOME SELLING PRICE HAS INCREASED 63%

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# SUBSIDIZED HOUSING

- FOR LOW, VERY, AND EXTREMELY LOW INCOME HOUSEHOLDS
- HOW HARD IS IT TO GET HOUSING A VERY LOW-INCOME HOUSEHOLD CAN AFFORD?
- WHAT ARE THE OPTIONS?

|               |            |
|---------------|------------|
| LOW           | 80% OF AMI |
| VERY LOW      | 50% OF AMI |
| EXTREMELY LOW | 30% OF AMI |

# LOW AND VERY LOW HOUSEHOLD INCOME

## LESS THAN 50% OF AREA MEDIAN INCOME

- NATIONALLY ~ \$35,000
- MY COUNTY IN MONTANA ~ \$29,000
- MANHATTAN ~ \$64,000
- LEXINGTON ~\$102,000
- BOSTON METRO ~ \$ 40,000

|               |            |
|---------------|------------|
| LOW           | 80% OF AMI |
| VERY LOW      | 50% OF AMI |
| EXTREMELY LOW | 30% OF AMI |

# FIVE MAJOR FEDERALLY SUBSIDIZED HOUSING PROGRAMS OPERATING TODAY

1937: FEDERAL HOUSING ACT – PUBLIC HOUSING

1974: SECTION 8 PROJECT-BASED SUBSIDIES  
(SUNSET IN 1983)

1974: HOUSING CHOICE VOUCHER PROGRAM

1986: TAX REFORM ACT CREATED  
LOW INCOME HOUSING TAX CREDIT (LIHTC)

1974: SECTION 202 CAPITAL GRANTS FUNDED SPORADICALLY

# 1937 FEDERAL HOUSING ACT

- BUILT NEW UNITS FROM 1937 THROUGH WWII AND IN POSTWAR YEARS;  
NO BUILDING SINCE NIXON ERA
- FOR PEOPLE WITH INCOMES BELOW 50% OF AREA MEDIAN INCOME
- RENT IS USUALLY 30% OF TENANT'S HOUSEHOLD INCOME
- FEDERAL GOVERNMENT PAYS OPERATING COSTS NOT COVERED BY RENT;  
DOES NOT DO WELL ON MAINTENANCE
- TODAY THERE ARE ABOUT 1,000,000 EXISTING PUBLIC HOUSING UNITS

# AFFORDABLE HOUSING IN LEXINGTON

Lexington has 1,341 units of housing, or 10.95% of total units, that are counted as 'affordable' by the State.

This includes 657 market rate units (allowed for rental projects where at least 20% or 25% are affordable, per regulations).

## Examples of affordable housing in Lexington, MA

- Countryside Village            60 units for seniors – Public Housing
- Greeley Village                100 units for low income elderly
- Vynebrook Village    48 units for low income, elderly
- Douglas House                15 units for severely handicapped



# Example of Lexington subsidized housing for people with disabilities

DOUGLAS HOUSE at 7 Oakland Street in Lexington, MA.

Owned and maintained by Supportive Living Inc., a non-profit devoted to supplying services and housing to people suffering brain damage or other neurological disorders.

Construction of the 15 units was financed in part by a legacy Section 202 capital grant.

Rents are subsidized by Massachusetts EOHLC.



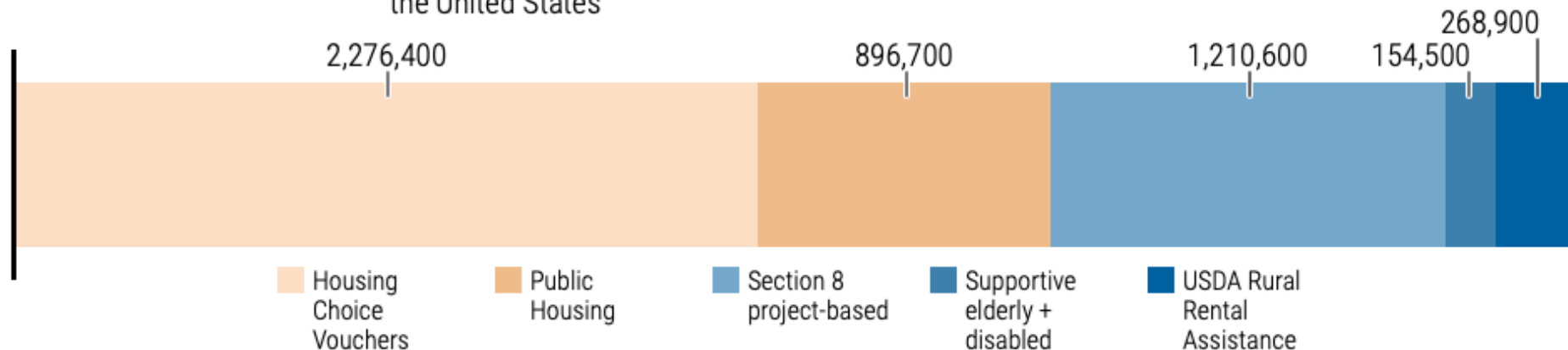
DOUGLAS HOUSE at 7 Oakland Street in Lexington, MA.

|                               |                   |
|-------------------------------|-------------------|
| PUBLIC HOUSING                | 1.0 MILLION UNITS |
| PROJECT-BASED HOUSING UNITS   | 1.2 MILLION UNITS |
| HOUSING CHOICE VOUCHERS       | 2.3 MILLION UNITS |
| LOW INCOME HOUSING TAX CREDIT | 3.5 MILLION UNITS |
| SECT. 202 CAPITAL GRANTS      | .4 MILLION UNITS  |
| USDA RURAL RENTAL ASSISTANCE  | .3 MILLION UNITS  |

## Rental Assistance Supports All Types of American Communities

Rental assistance helps 8.7 million people in cities and suburbs, as well as 1.5 million people in rural areas and small towns.

Number of Households Receiving Major Types of Federal Rental Assistance in the United States



Federal rental assistance programs provided states with **\$48.5 billion** in 2020.

## CONCLUSION

- 9 MILLION AFFORDABLE UNITS IN US
- EQUIVALENT TO 7% OF ALL HOUSING UNITS
- WHILE 16 % OF ALL U.S. HOUSEHOLDS (21 MILLION) HAVE INCOMES BELOW \$35,000
  
- **25 OR 30 MILLION HOUSEHOLDS  
COMPETE FOR 8.5 MILLION UNITS**
  
- **THE MARKET DOES NOT WORK**

## WHAT SHOULD BE DONE?

- APPROPRIATE SUPPLY OF AFFORDABLE HOUSING REQUIRES MUCH GREATER FEDERAL COMMITMENT OF CAPITAL IN THE FORM OF GRANTS
- NEED A SMARTER VERSION OF PUBLIC HOUSING – PERHAPS PRIVATELY MANAGED – TO SUPPORT CONSTRUCTION AND INCREASE THE SUPPLY OF AFFORDABLE HOUSING
- AND PERHAPS A BASIC INCOMES POLICY – GIVE POOR PEOPLE MONEY (ALREADY BEGUN WITH THE EARNED INCOME TAX CREDIT.)

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# HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

## SECTION 8 PROGRAM – TENANT PAYS ABOUT 30% OF INCOME FOR RENT REST OF RENT IS FEDERAL MONEY

### EVOLUTION OF HCD ACT OF 1974

- 1974: NEW CONSTRUCTION
- 1974: SUBSTANTIAL REHABILITATION
- 1974: EXISTING HOUSING CERTIFICATE
- 1978: MODERATE REHABILITATION
- 1983: VOUCHER PROGRAM
  - PROJECT BASED → LIMITED TO PARTICULAR HOUSING
  - TENANT BASED → MAY RESIDE ANYWHERE IN US
- 1991: PROJECT-BASED CERTIFICATE
- 2008: \$75 M SUPPORT FOR HOUSING FOR HOMELESS VETERANS

If you are a homeowner in Lexington, you are farting through silk

50 School St  
Lexington, MA

For Sale: \$900,000  
3bd, 2ba, 1250 sqft





*Under the Section 8 Housing Choice Program, a tenant may select a unit that rents for the amount determined to be comparable to other unassisted units in the area and which would result in the family paying no more than 40% of its adjusted monthly income towards the rent and utilities.*



You may qualify for the Section 8 Housing Choice Voucher Program in Massachusetts if your Gross Family Income is less than (family size/income):

\* [HUD Income limits](#)

| <b>Family Size</b>   |        |        |        |        |        |        |        |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| 1                    | 2      | 3      | 4      | 5      | 6      | 7      | 8      |
| <b>Income Limits</b> |        |        |        |        |        |        |        |
| 41,600               | 47,550 | 53,450 | 59,400 | 64,150 | 68,900 | 73,650 | 78,450 |

# Section 8 Project-Based Subsidies

- Provides subsidies for new or rehabbed privately owned projects
- Subsidy was difference between actual rents and 30% of tenant's income