

# What is “affordable housing”? Anna starts the conversation

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*(The latest in a series of posts on Neighborhoods and Affordable Housing and Southside)*

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Peter:

Funny you should ask—I just wrote this up last week but hadn’t sent it in just yet . . . Here’s what I’ve got to start the conversation:

What is “affordable housing”?

Affordable housing, or “workforce housing,” is a big topic in the Lehigh Valley these days. We’re regularly told that the Lehigh Valley is experiencing an “affordable housing crisis,” but what does that mean? For many, a lack of affordable housing is interpreted as an increase in the number of people on the brink of homelessness, or another way of saying poverty. In order to effectively address the crisis, however, we need to agree on definitions—and by definition, affordability is much bigger issue than its connotations would lead us to believe.

According to the US Department of Housing and Urban Development (HUD), “affordable” housing means that a family is spending 30% or less of their income on housing. This number was determined arbitrarily but continues to be the general standard for affordability that is used by the federal government and those who receive their funding subsidies. If you live in public housing or receive a Section 8 voucher, you are typically asked to pay 30% of your income in rent.

When we talk about rental affordability for a particular region, such as the Lehigh Valley, we can use HUD’s calculation of “Fair Market Rent” to guide our understanding of what the government considers a “reasonable” amount for a landlord to charge a tenant, given local market conditions. Naturally, Fair Market Rent varies based on the size of the apartment or house in question and the federal government updates the threshold yearly.

So what does this all mean for the Lehigh Valley?

In our metropolitan area, Fair Market Rent for a three-bedroom house or apartment is currently \$1,464. This amount increased by 8% in the past year—if only income was increasing at the same rate! But let’s break this down into more meaningful terms. How much money do I need to make to be able to afford that three-bedroom house? If we use the HUD standard, I need to earn \$54,080 a year. I have an Ivy League Master’s Degree and I lead a non-profit organization, and I don’t make that much money. In order to afford that three-bedroom house in the Lehigh Valley, I need a second income.

Affordability concerns are not restricted to families living in poverty; as rental prices increase far more rapidly than incomes, more and more of our families become “cost-burdened”—in HUD lingo, these families pay more than 30% of their income toward rent. But what about those families on the lower end of the earnings spectrum? If you make

minimum wage (\$7.25 an hour), you need to work 87 hours a week to afford a one-bedroom apartment, 111 hours a week to afford a two-bedroom house, and 143 hours a week to afford that three-bedroom home. For a family with two parents working minimum wage jobs, that's 71.5 hours a week each to afford a "fair" rental price for a three-bedroom house in our community. For more details on Lehigh Valley wages and affordability, visit the National Low Income Housing Coalition's Out of Reach 2019 report and select the Allentown-Bethlehem-Easton MSA.

In south Bethlehem, where 67% of households rent their homes, affordable rentals are a major priority. However, many affordable housing programs focus on homeownership. What does affordability for homebuyers mean locally? HUD prioritizes spending on homeowners that have "low- to moderate-incomes," which means families with an annual income that is 80% or less of the Area Median Income, based on the size of the family. In the Lehigh Valley, a four-person family that would qualify for HUD-funded affordable homeownership programs would have an income of \$62,700 or less. Far from poverty-wages, affordable homeownership opportunities target a substantial portion of our professional workforce (which is why many advocates have switched from the term "affordable" to "workforce" housing—although that term is also imperfect, since it excludes those who may not be in the workforce).

When we speak about an affordable housing crisis in our community, we are talking about families with two incomes, single-earner families, young professionals, individuals on fixed incomes, and elderly adults who cannot afford to live in our communities, and who are making impossible choices between paying their rent/mortgage or paying for healthcare or food, saving for the future, or paying off student loans, among many other priorities. We're talking about a significant percentage of our neighbors, co-workers, family and friends who have spent their entire lives in a community and who are now unable to envision a sustainable future there. The next logical questions are: what has caused this crisis, and what can we do to mitigate its impact on our

community? I'll save my thoughts on that for a future post, but I'll throw out my conclusion now: there is no simple explanation and no simple solution, alas!

Anna

*Lots to chew on here!*