

PRESENTATION ON AFFORDABLE HOUSING

Housing
Affordability &
Gentrification



THE HOUSING FUND

Our Mission:

The Housing Fund provides resources and creative leadership to help individuals and communities create and maintain affordable and healthy places in which low and moderate income people live.

- Non-profit Loan Fund for Affordable Housing and Community Development Projects
- Founded in 1996 as part of Nashville's Agenda
- With over \$21 million in assets, THF has lent **\$75 million**, leveraging \$468 million in private financing for nearly **5,000 housing units**.
- Certified by U.S. Treasury Department as a CDFI
- Certified by FHA in TN
- CARS AAA2+ industry rating
- Member of Opportunity Finance Network (OFN)

DEFINITIONS

Affordable Housing

- By federal definitions: Households at or below 80% of the area median income (AMI)
- Davidson County Median income: \$ 66,900 (80% = \$51,200)

Workforce Housing

- Typically households between 81-120% of the AMI (120% = \$80,280)

Cost Burden

- Households allocating more than 30% of their annual income to housing costs (including utilities)

Gentrification

- When low-Income/Urban areas experience significant changes in demographics, real estate markets, land use, and culture and/or character due to an increase in upper income households

CURRENT ISSUES

- Affordability, Affordability, **AFFORDABILITY !!!**
 - rental and homebuyer, AND for longer periods of time
- **GENTRIFICATION** of inner city neighborhoods
- lack of **WORKFORCE HOUSING**
- **NON-PROFIT DEVELOPMENT CAPACITY**
 - particularly on homebuyer side
- **DECLINING PUBLIC SUBSIDIES**
- **ESCALATING LAND COSTS**

RENT & SALES PRICES FOR HHS AT 80%

	1 Person HH	2 Person HH	3 Person HH	4 Person HH
80% of MFI	\$37,450	\$42,800	\$48,150	\$53,500
Hourly Equiv.	\$18	\$20.57	\$23.15	\$25.72
Rent & Utilities	\$936	\$1070	\$1204	\$1337
Purchase Price (no other debt)	\$134,218	\$154,962	\$175,705	\$196,449
Purchase Price (\$250 other debt)	\$95,446	\$116,189	\$136,933	\$157,676
January 2015 Median SF Sales Price = \$215,000 (80% = \$172,000)				

Assumptions:

- \$0 downpayment, PMI
- 30% DTI
- 3.75 IR, 30 yr.
- 1.2% for property tax
- \$850 homeowner ins.
- No HOA

RENT & SALES PRICES FOR HHS AT 50%

	1 Person HH	2 Person HH	3 Person HH	4 Person HH
50% of MFI	\$23,425	\$26,750	\$30,100	\$33,450
Hourly Equiv.	\$11.27	\$12.86	\$14.47	\$16.08
Rent & Utilities	\$586	\$669	\$753	\$836
Purchase Price (no other debt)	\$79,840	\$92,732	\$105,720	\$118,709
Purchase Price (\$250 other debt)	\$41,067	\$53,959	\$66,948	\$79,937
January 2015 Median SF Sales Price = \$215,000 (50% = \$107,500)				

Assumptions:

- \$0 downpayment, PMI
- 30% DTI
- 3.75 IR, 30 yr.
- 1.2% for property tax
- \$850 homeowner ins.
- No HOA

POTENTIAL SOLUTIONS

- Develop innovative financing programs
- Provide transit options to lessen cost burdens
- Support private, public, and non-profit housing developers so that they can provide affordable housing
- Create housing choices in rural, suburban, and urban areas
- Reduce the negative impacts of gentrification
- Create programs that reduce displacement and exclusion

THANK YOU

