

# Housing Happenings

"AFFORDABLE HOUSING" – AFFORDABLE TO WHO?

The Metropolitan Council recently announced that the average price of a new home in the metro area is \$245,000. The organization also changed the amount that it considers "affordable" for a new home – to \$170,000 and below. How did it come up with that, you ask? Affordable is considered to be what a family of four earning 80 percent of the area median income (AMI) can pay. Median income is the amount at which half of households earn more and half earn less. For the metro area, the amount where half of all households earn more and half earn less is now \$76,700. So, a family of four earning 80 percent of the AMI (\$61,360) should be able to afford a \$170,000 house.

The Met Council's new benchmark for "affordable rent" is based on 50 percent of the metro area median income, which is a yearly income of \$38,350. Housing is considered affordable when it costs no more than 30 percent of a household's income. So, a renter earning 50 percent of the AMI could afford to pay up to \$960 a month for rent.

What do these figures mean, and how do they affect you? These income figures are used to define affordable housing and to measure how many affordable units of housing exist in the metro area. However, the real question is what this means for families in households affected by HIV.

## Median Income – Compared to What?

The metro area median income includes the income for the entire metropolitan area, which includes 13 counties – Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington and Wright in Minnesota, and Pierce and St. Croix in Wisconsin. When all these counties are included together, the median income for a family of four comes to \$76,700.

However, the most recent Census Bureau survey reports a median household income just over \$45,000 in St. Paul and just over \$40,000 in Minneapolis. Comparing these figures, we see that Minneapolis and St Paul residents earn a little more than half of what all metro-area residents earn. In addition, one out of every five households in Minneapolis earns less than \$23,000 for a family of four and \$16,100 or less for people living alone.

## Majority of People Living With HIV in Minneapolis

Since over half of the cases of HIV disease in Minnesota have been reported in Minneapolis, and 14 percent are in Saint Paul, using metropolitan-wide figures to determine affordability significantly changes what truly is affordable. What is affordable in Golden Valley or West Bloomington is clearly not affordable in the Phillips neighborhood of South Minneapolis. According to the 2000 HIV Needs Assessment conducted by the Minnesota HIV Services Planning Council, nearly 73 percent of Minnesotans living with HIV interviewed reported living on \$12,000 or less, while only 10 percent lived on \$18,000 or more. In other words, nearly three-quarters of those surveyed live on incomes of less than 16 percent of AMI.

For people with HIV who can no longer work, their only income may be from supplemental Social Security. A Social Security recipient receives a maximum of \$545 monthly, so what is considered affordable rent is no more than \$164 a month. Yet, the rent considered affordable using the metro area figures is \$960 – well out of the reach of many of the people we serve.

## Why This is Important

Does it really make any difference whether AMI or the local median income is used? Yes, and here's why: if a developer sets aside a number of units for extremely low income households – those at 30 percent median income or less – using the metro AMI makes those units available to households with incomes of \$23,000 or less. However, using the Minneapolis median income, those units would be limited to households with incomes of \$12,000 or less. These are households that include a significant number of people with HIV and are also the households who have the greatest need for affordable housing.

Developers often use a combination of public, foundation and private dollars to develop new housing. In order to qualify for public dollars, the developer must have units that are affordable to 50 percent of median income. However, using the median income of the entire metro area forces families, including many families with HIV, to compete with families earning up to \$38,350 for a very limited number of units.



*Housing Happenings is a timely update of housing-related information for HIV service providers and consumers. For further information contact Kim Lieberman, MAP housing systems advocate, at 612-373-9166, 800-243-7321 or via email at [kliberman@mnaidsproject.org](mailto:kliberman@mnaidsproject.org)*