

# Affordable Housing



Partners for a  
Prosperous Athens

A group of silhouettes of people of various ages and sizes walking together, symbolizing a community or partnership.

# What does “affordable housing” mean?

- The federal government defines it as:  
“Housing for which the occupant is paying no more than 30% of his or her income for gross housing costs, including utilities.”



[ Is there a set cost for utilities? ]

- The federal government estimates average monthly utility costs in Georgia to be \$267.



# [ How do we calculate what is affordable? ]

- We take 30% of a family's gross monthly income, take out the costs of utilities, and then we look at different housing options.



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■ For example:

- The median income for a family of 4 in Athens-Clarke County is \$54,313.
- Monthly this family should spend no more than \$1,358 on housing costs.
  - $\$54,313/12 = \$4,526$  is their monthly income
  - $\$4,526 \times 30\% = \$1,358$  the limit for their housing to be affordable.



So what rent or house payment can they afford?

- If they can pay \$1,358 a month on their total housing costs and we know that the average utility cost is \$267
- $\$1,358 - \$267 = \$1,091$  on a housing payment or rent



# What house could they afford to buy?

- This part gets a little tricky because you have to make several assumptions
- If they can afford to pay \$1,091 towards a house and you assume they would qualify for a 7% interest rate 30 year fixed mortgage




- Let's assume that they pay closing costs, but have to finance the entire price of the home.
- Let's also assume their property taxes and homeowners insurance cost them \$150 a month.





- $\$1,091 - \$150$  (for taxes & insurance) =  $\$941$
- So they can afford a house with a monthly payment of  $\$941$ .
- A  $\$140,000$  mortgage at 7% interest would give you monthly payments of  $\$931$ .



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- This means that our median income family could afford approximately a \$140,000 house.




## Let's try again with a different family

- This time let's look at a single parent family with 2 kids making 80% of the Area Median Income for Athens-Clarke County which is \$39,100 a year.
- Just for reference, this parent would be making \$18.80/hour.



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- $\$39,100/12 = \$3,258$  is their monthly income
  - $\$3,258 \times 30\% = \$977$  can go to housing costs
  - $\$977 - \$267$  (for utilities) =  $\$710$
  - $\$710 - \$150$  (for taxes & insurance) =  $\$560$
  - An  $\$85,000$  house with a 7%, 30-year mortgage would have monthly payments of  $\$566$ .



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- This family could either afford an apartment with rent of \$710 a month or less
  - Or they could afford to buy a home for under \$85,000.



# [ Let's try another family ]

- A family of two making 50% of area median income would make \$21,700 annually.
- $\$21,700 / 12 = \$1,808 \times 30\% = \$542$
- $\$542 - \$267$  (for utilities) = \$275





- This family could afford a monthly rent payment of \$275.
- Or they could afford a house that cost less than \$30,000.



## One more example

- A single person working full-time making minimum wage

$\$5.15 \times 40$  (hours a week) = \$206 a week

$\$206 \times 52$  (weeks a year) = \$10,712 a year

$\$10,712/12 = \$893$  a month





- $\$893 \times 30\% = \$268$  to housing costs
- $\$268 - \$267$  (for utilities) = \$1 left for rent
- Even if their utilities were \$50/month, they would only have \$218 to pay towards rent.



[ Questions? ]

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