

DRAFT - Pinellas County Plan to End Homelessness – Affordable Housing

The Affordable Housing Challenge

Affordable Housing. What is it? Who needs it? Who resides in it? Is it needed? Many of us hear the term affordable housing, but really don't know how to define it. Others know what it is, but don't want it near them. And, there are those that are uninformed about it and therefore, don't want it. The truth is, the term affordable housing just defines what a person and/or household is paying each month for their housing expenses. The challenge is keeping housing affordable for those populations who are very-low to moderate income. Most state and federal definitions of affordable housing state that a household should not pay more than thirty percent (30%) of their household income towards their housing expenses. Those housing expenses account for their mortgage payment (principal and interest), taxes and insurance. Households that are paying more than 30% are said to be "cost burdened" (i.e., paying too much for housing expenses). Some households are paying between 40% and 50% of their income just to find a decent place to live, which leaves little for life's other expenses (i.e., utilities, food, insurance, etc.). Many of us, no matter what income range, want to have housing that is affordable so that we are not cost burdened. Typically in the affordable housing arena we are dealing with households that have incomes ranging from extremely-low income (less than or equal to 30% AMI), to at or below moderate income (less than or equal to 120% AMI).

In Pinellas County, as the price of homes continue to escalate at record rates, affordable/quality housing continues to become a fading reality for many extremely low to moderate income households. Over the past several years the "affordability gap", the difference between what a person can afford and what is actually available, has been growing larger and larger, or getting very wide. According to the Pinellas Realtor Association, residential units sold during fiscal year 2003-2004 at an average of \$211,564 in Pinellas County. The average new home constructed in Pinellas County during 2004 was close to \$400,000. In Pinellas County we have seen a very rapid rise in home values over the past five years. Additionally, over the past year, the cost of construction, especially for materials such as concrete, steel, and lumber have skyrocketed. These increases have also contributed to the rise in home prices. At the same time household incomes have only modestly increased over the same period.

Who needs affordable housing? Some would say everyone, others would say no one, but it is primarily needed by our service sector and our work force employees. There are many professions, such as education, law enforcement, firefighters, where the people starting off in those positions would be considered low to moderate income, and therefore need and desire affordable housing. Other professions, such as the local grocery store clerk, the auto mechanic, the landscaper, and pizza delivery person, all of these types of professions need quality and affordable housing because their incomes are generally in the very-low to moderate income range. Many would be surprised if they looked at the annual incomes of various professions, and from there determined how much home they could afford. In many areas, Pinellas County being one of them, many professions cannot afford the average or median range home.

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What is considered extremely, very-low, low and moderate income? In Pinellas County, according to the most recently released income figures by the U.S. Department of Housing and Urban Development and the Florida Housing Finance Corporation, the 2005 Area Median Income (AMI) for the Tampa – St. Petersburg – Clearwater MSA, for a family of four is \$52,150. The tables below show the income ranges based on AMI and the most recent 2005 Income Limits.

AMI	Income Level
0 - 30.00%	Extremely Low Income
30.01 - 50.00%	Very Low Income
50.01- 80.00 %	Low Income
80.01 - 120.00%	Moderate Income

INCOME ELIGIBILITY LIMITS Feb 11th, 2005				
Household Size	Median Income (100%)	50% Median (Very Low) Income	80% Median (Low) Income	120% Median Income
1 Person	\$ 36,500	\$ 18,250	\$ 29,250	\$ 43,800
2 Persons	41,700	20,850	33,400	50,040
3 Persons	46,950	23,450	37,600	56,280
4 Persons	52,150	26,100	41,750	62,640
5 Persons	56,300	28,150	45,100	67,560
6 Persons	60,500	30,250	48,450	72,600
7 Persons	64,650	32,350	51,800	77,640
8 Persons	68,850	34,400	55,100	82,560
GROSS (UNADJUSTED) MEDIAN HOUSEHOLD INCOME - \$52,150				

A family of four is considered very-low income if their household income is \$26,100 or less. Using the “affordable” definition, that family can afford to pay \$652 per month for housing expenses. A family of four would be considered low-income if their income is at or below \$41,750. Lastly, that same family of four would be considered moderate income if their household income was at or below \$62,640. A family of four who was extremely low income four would have an income of \$15,645.

What is the Fair Market Rent in Pinellas County? According to HUD, the FMR for 2005 for a one and two bedroom apartments, are \$665 and \$805 per month, respectively. If a

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very-low income family of four (\$26,100) were to rent a two-bedroom apartment at FMR, the amount of their household income going towards rent would equal 37%, above the 30% benchmark. What can a person who makes minimum wage afford? A person who makes minimum wage, who works forty (40) hours a week, has an annual income of \$12,792 (or 25% AMI). That person can afford to pay \$320 per month on housing expenses to be considered affordable.

According to the most recent “2004 Out of Reach Report” published annually by the National Low Income Housing Coalition, a family living in Pinellas County would have to earn \$15.48 an hour to afford a two-bedroom unit at the area’s Fair Market Rent (FMR) of \$805 a month. That same family, if they were making Minimum Wage (\$6.15/hr) would have to work 101 hours to afford that same two-bedroom unit at FMR. Lastly, a family would have to earn \$32,200 to afford (no more than 30% of income) a two-bedroom apartment at FMR, or \$26,760 to afford a one bedroom.

In terms of for sale housing, what can a family of four who is at 50% AMI afford? Using the same \$26,100 and looking at what amount of mortgage they can afford, factoring in taxes and insurance, and figuring a 95% loan-to-value mortgage, using a 6.0% interest rate, fixed for 30 years, it would be in the range of \$80,000, to keep the payments (PITI) affordable. It is almost impossible to find a quality home in Pinellas County in the \$85,000 range. The most recent Purchase Price Study prepared for Hough & Company and the Pinellas County Housing Finance Authority in 2003, showed the average purchase price for existing and new homes in Pinellas County at \$169,451 and \$239,360, respectively. According to the Florida Data Clearinghouse operated by the University of Florida Shimberg Center, and the 2003 State of Housing Report, Pinellas County ranked 46th out of 67 counties in terms of affordability.

It all boils down to a supply issue. There is definitely a demand, and an overwhelming need, for safe, decent and affordable housing. The question becomes, how to get it and how to preserve what already exists? It takes such things as: creative financing, attractive incentives, relaxed zoning requirements, and sources of financing that do not carry a debt payment and/or has a reduced interest rate. Affordable Housing is not a dream, but continues to be a distant reality for many.

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The Affordable Housing Solution

As we all realize, quality affordable housing is one of the key elements to preventing homelessness from occurring. This 10-Year Plan brings together the business, nonprofit, and the public sector communities to address the challenging issue of homelessness at its core, rather than manage it at the margins. It reflects the strong belief that every individual and family deserves safe, decent and quality affordable housing – a goal we can achieve through proactive, coordinated action and investments in cost-effective initiatives that solve homelessness.

The Plan also represents the potential to deliver improved outcomes to those at risk of homelessness, as well as those already homeless in Pinellas County. By incorporating the best thinking and contributions of the public, private, and nonprofit communities, the potential for a true countywide campaign to effectively reduce homelessness and better meet the needs of those at risk becomes possible.

How does one deal with the challenge of having enough safe, decent and affordable housing for all that desire and need it? It takes such things as prevention, early intervention, education, creativity, innovation, leveraging, collaboration, and last, but not least, having funding available! While the preceding list does describe some of the activities that assist in dealing with homelessness, among the most important of those activities are having enough funding to accomplish the activities and system wide coordination and collaboration to deal with the problem of homelessness. A successful effort to overcome homelessness must ensure the availability of and easy access to safe and viable alternatives to being homeless. This must be coupled with accountability mechanisms that hold providers, as well as public agencies, responsible for producing results.

Shelter is one of the most basic human needs that we all desire. People become homeless for a variety of reasons. Some through their own fault, and some from just things that were not in their control. Whatever the reason may be, people become homeless and when they become homeless they put a demand on public services to assist them in their challenge to once again become stable and have a roof over their heads.

It would seem obvious, that if there was enough housing, people would not be homeless, but that is not always true. Many of the chronic homeless, those that put the greatest burden on public services, choose to remain homeless. Many would say that if we would just prevent people from becoming homeless, then we would not have a homeless problem. Easier said than done, but if we were able to develop some early preventative measures, combined with other early intervention activities, we may be able to stop some, if not many, from becoming homeless.

There also needs to be a streamlined and easily obtainable process for those persons that at risk of becoming homeless, or that are already homeless, to access shelter, services, and supportive/affordable housing that they need and not be bog-down and/or lost in the bureaucracy of trying to obtain the services. This can be accomplished by having a

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network of coordinated services so that essential services are not be duplicated and overlapped. (*Possibly - Human Services Needs Council or Coordinating Body???*)

There needs to be an abundant supply of quality and affordable housing that is service-enriched so that we can work to transition homeless persons and families from dependency on services, to self-sufficiency.

Homelessness is a complex social problem, which does not lend itself to simple solutions. Yet we believe that great strides can be made toward ending homelessness if we start by addressing housing issues, then ensure that there are the resources and supports in place to sustain that housing. While we do not have to end poverty in its entirety to end homelessness, ultimately, our ability to end homelessness rests upon the degree to which we are able to wed the efforts of the homeless service delivery system to those of other mainstream programs and systems of care. Only through comprehensive, cross systems strategies will we be able to fully assist people to access and sustain affordable housing and achieve community integration and economic stability.