

WHAT IS AFFORDABLE HOUSING?



It Depends Who You Ask

What’s affordable for one person may be out of reach for another. That’s why the RHA uses income guidelines set by the U.S. Department of Housing and Urban Development to determine the Area Median Income (AMI) for Washoe County households. AMI is the midpoint of the region’s income distribution and HUD updates it each fiscal year. Half of families in a region earn more than the median and half earn less. You can find the current AMI guidelines at <https://www.huduser.gov/portal/datasets/il.html>.

In Washoe County for FY 2021-2022, a single person who earns the median, 100% of AMI, earns \$58,500 per year. For a family of four, it’s \$83,500. But, a family of four with two working adults, a young child and grandparent under their roof, or a single working adult with three young children are counted the same, even if their expenses are markedly different. Hence, what’s considered “affordable housing” will naturally vary by household.

The Reno Housing Authority uses those AMI guidelines when determining if an applicant is eligible for housing assistance. The RHA generally assists households that fall under the 50% AMI threshold, but has some programs for those earning slightly more.

You may have heard of the 30% rule, which says you should pay no more than 30% of your income on housing expenses. That figure stems from a 1969 amendment to public housing requirements called



FY 2022-2023 Income Limit Categories	Persons in Household					
	1	2	3	4	5	6
Extremely Low Income (30% of AMI)	\$19,600	\$22,400	\$25,200	\$28,000	\$32,470	\$37,190
Very Low Income (50% of AMI)	\$32,700	\$37,400	\$42,050	\$46,700	\$50,450	\$54,200
Low Income (80% of AMI)	\$52,300	\$59,800	\$67,250	\$74,700	\$80,700	\$86,700
Median Income	\$65,400	\$74,800	\$84,100	\$93,400	\$100,900	\$108,400

the Brooke Amendment and not surprisingly, it's largely outdated. It doesn't account for expenses prevalent today including childcare or student loans.

It also doesn't account for how many dependents you're supporting, retirement savings, or necessities including food, transportation and medical costs. Today, many financial planners suggest that no more than 25% of one's gross income should be earmarked for rent. How far does that go in Washoe County? Not far.

In our community, a three-person household that requires a modest 2 bedroom apartment, perhaps a single parent of two kids, who earns 80% of the AMI, about \$67k per year, will pay 31% of his or her gross income toward rent. That falls near the general 25% guideline, but again, this is before the parent has paid taxes, food, utilities, child care, savings, or transportation. If that single parent earns only 40% of the AMI, half of their entire gross income goes to rent alone.

Similarly, a single person earning the 2022 AMI in Washoe County, about \$65,400, will pay about 31% of their income for a 1-bedroom rental unit. A person making only 30% of the AMI, like most living on Social Security and a small pension, will have to pay 90% of their income for that same apartment. Clearly that isn't sustainable.

Subsidized Housing

Sometimes permanent affordable, but not always

Subsidized housing is a broad term that encompasses private and public programs that lower overall housing costs for people. Common examples include public housing, rental assistance vouchers (formerly called Section 8 vouchers), and developments that use Low-Income Housing Tax Credits.

All of RHA's properties are permanently affordable, but unless they're part of a community land trust or other perpetuity arrangement, most others are not.

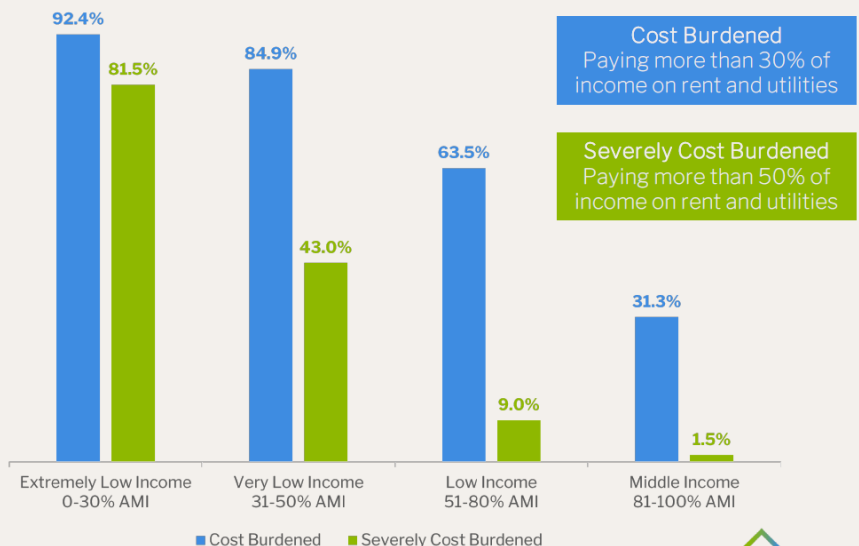
In Nevada, losing affordable properties to the market has resulted in no net increase in affordable inventory. Additionally, the Nevada Housing Division estimates that statewide, 7,500 units are at high risk of losing their subsidy and converting to market rate.

Households Cost Burdened in Nevada

Nevada has some of the most severe cost burdens in the country. Attention to basic needs like medical care, food, education, transportation and work stability suffer when households are overpaying for their housing expenses.

"Communities where people spend more than 32 percent of their income on rent can expect a more rapid increase in homelessness."

[Source: Zillow Homeless and Rent Affordability Research](#)



Source: 2021 GAP Report by National Low Income Housing Coalition

