

What is *affordable housing*?

Housing costs are considered *affordable* when rent or mortgage, property taxes, insurance and utilities are not more than 30% of a household's income. However, "Affordable Housing" generally means housing that is affordable to households that are *low income*.

What is considered *low income*?

Generally, to be considered *low income*, total household income must be at or below 80% of Area Median Income (AMI), adjusted for household size. The U.S. Department of Housing and Urban Development (HUD) sets these limits. HUD income limits are adjusted annually and are based on formulations for the Knoxville HUD Metro FMR (Fair Market Rent) Area. Effective April 24, 2019, the AMI for **Knoxville is \$69,900/year**. HUD also sets different categories of income level:

Household Size	One person	Two	Three	Four	Five	<u>Affordable Housing Cost* (/Month)</u>
<i>Extremely Low Income</i>						
(0-30% of median income)	\$14,700	\$16,910	\$21,330	\$25,750	\$30,170	\$368-\$754
<i>Very Low Income</i>						
(31-50% of median income)	\$24,500	\$28,000	\$31,500	\$34,950	\$37,750	\$613-\$944
<i>Low Income</i>						
(51-80% of median income)	\$39,150	\$44,750	\$50,350	\$55,900	\$60,400	\$979-\$1,510

What is considered an *affordable housing cost** for families?

A full-time employee, for example, earning the minimum wage of \$7.25/hour in Tennessee (last increase was in 2008) earns \$15,080/year - considered *very low income* if they are a single person household. With dependent(s), their income level is *extremely low income*. They would be able to afford \$378/month in housing costs, according to the HUD definition. Remember, housing costs include utilities! Likewise, two full-time employees earning minimum wage would earn \$30,160/year - considered *low income*, unless they had a couple of children. They would be able to afford \$754/month. A person earning minimum wage would have to work about **98 hours/week** to afford a two-bedroom apartment in Knoxville or they'd have to earn **\$17.83 an hour** (based on \$920/month rent for a two-bedroom apartment in Knoxville, the average for 2018 – rentjungle.com). And many people work less than a full-time job.

Below are some common jobs that pay more than minimum wage and what they could afford, by HUD's definition:

<u>Common Jobs</u>	<u>Starting Salary</u>	<u>Affordable Housing Cost*/Month</u>
Customer Service Rep.	\$24,960	\$ 624 <i>Indeed.com 10/1/2018</i>
Machine Operator	\$31,325	\$ 783 <i>Indeed.com 10/1/2018</i>
Police Officer	\$40,042	\$1,001 <i>Knoxnews.com 2018 database</i>
Teacher (B.A)	\$46,582	\$1,164 <i>Knoxnews.com 2018 database</i>

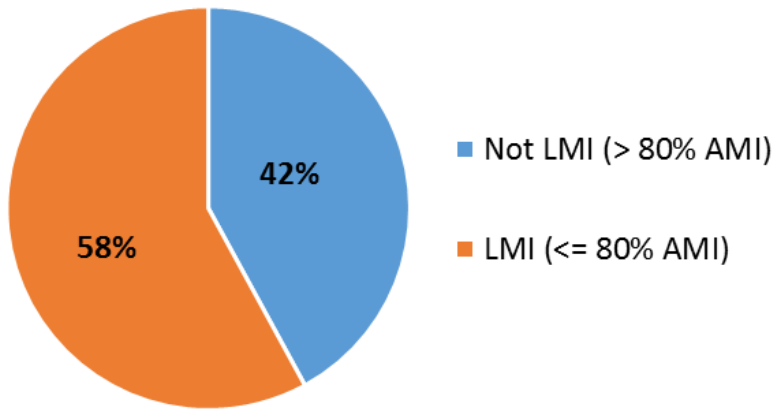
HUD also publishes **Fair Market Rent** rates that are updated annually for the Knoxville HUD Metro FMR Area.

	<u>Efficiency</u>	<u>One-bedroom</u>	<u>Two-bedroom</u>	<u>Three-bedroom</u>	<u>Four-bedroom</u>
▪ HUD FMR (2019 U.S. Dept of HUD)	\$566/month	\$698/month	\$855/month	\$1,114/month	\$1,405/month
▪ Market rate rents in Knoxville (avg. for 2018) (RentJungle.com)		<u>One-bedroom</u> \$792/mo. avg	<u>Two-bedroom</u> \$920/mo. avg		
▪ Availability: (2012-2016 ACS) % of occupied rental housing units:	5%	27%	63% (2-3 bedrooms)	5% (4+ bdrms)	

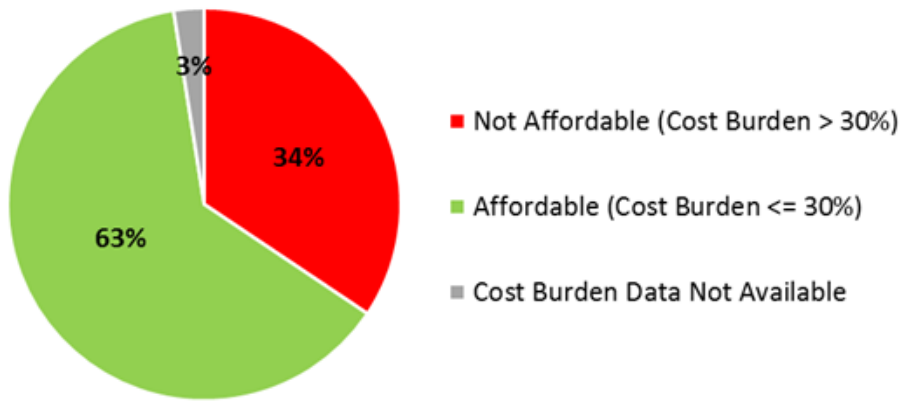
According to the 2012-2016 American Community Survey (ACS), for Knoxville City:

- The number of renter-occupied units has increased to 54% (43,570) of total occupied housing units (80,595)
- Median income is \$24,870 for renter-households and median rent is \$766 (\$144/month over what is considered 'affordable')
- Over 27,577 (63%) of total renter-occupied units (43,570) were built before 1980 (housing is almost 40 years old)

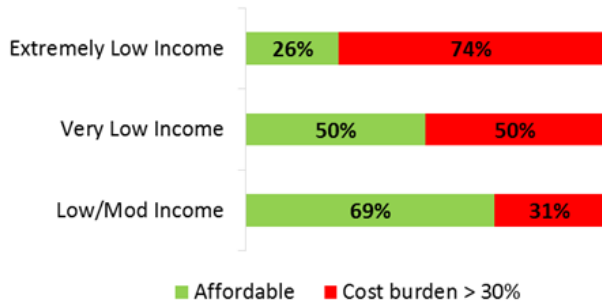
More than Half of Knoxville Households are *Low Income* (LMI)



More than a Third of Households Pay Too Much for Housing in Knoxville



Affordability for *Low Income* Knoxville Homeowners



Affordability for *Low Income* Knoxville Renters

