

# Making Housing and Community Happen (MHCH) Orientation

**Module 5: Defining Affordable Housing & Housing Policy 101**



## In Module Five you

**will:** learn how affordable housing is defined using the Area Median Income (AMI)

- Address misconceptions and myths surrounding affordable housing
- See examples of Housing Policy and learn what RHNA is

# What is affordable

## Housing?

The government defines affordable housing in two categories...

**Homeownership**, spending no more than **40%** of housing cost: PITI-Principal, interest, taxes and insurance. (New York, 20%, therefore, no foreclosures)

**Rental:** spending no more than **30%** of your income on housing. Here's an example:

If you have \$25,000/ year salary,  $1/3=7,500$ , or \$625 a month, plus utility allowance perhaps \$75/month, so they pay the landlord \$550.

# Income Levels and AMI

**Income bands** help the government define the affordable housing need, and it helps funders to determine what level of subsidies are needed for the various income levels. The income levels are based on the AMI—the Area Median Income.


The incomes stated below are based on the AMI for Pasadena for maximum allowed for four-person household:

- **80 to 120% of the AMI is moderate** (\$77,750)
- **50 to 80% of the AMI is low-income** (\$68,300)
- **30 to 50% of the AMI is very-low** (\$42,700)
- **Less than 30% of the AMI is extremely-low** (\$25,600)



**Discuss:**  
How is  
Pasadena  
doing and  
its adjacent  
cities doing?

**RHNA= the  
Regional Housing  
Need Assessment,  
an amount  
allocated for each  
city to seek to  
supply**



# Update on Housing Element Implementation

Planning & Community Development Department

City's progress on the 2014-2021 RHNA



Income Category	% of Area Median Income (AMI)*	2014-2021 RHNA	Issued Building Permits**	Remaining RHNA
Very Low Income	<50% of AMI	340	149	191
Low Income	51 - 80% of AMI	207	38	169
Moderate Income	81 – 120% of AMI	224	45	179
Above Moderate Income	>120% of AMI	561	1,832	0
<b>Total</b>		<b>1,332</b>		<b>539</b>

\* 2018 LA County AMI for a 4-person household: \$69,300

\*\* Based on building permits issued for **new units** for the reporting period (up to October 2018)

TOTAL Number of Issued Building Permits = 2,064

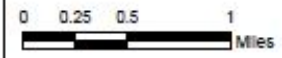
All Affordable Housing -  
by Housing Type  
Housing and Career Services  
Department  
City of Pasadena

**Legend**

- Special Needs
- Section 8
- Family
- Senior
- Owned (35)
- Council District:
- City Boundary

**Unit Count:**

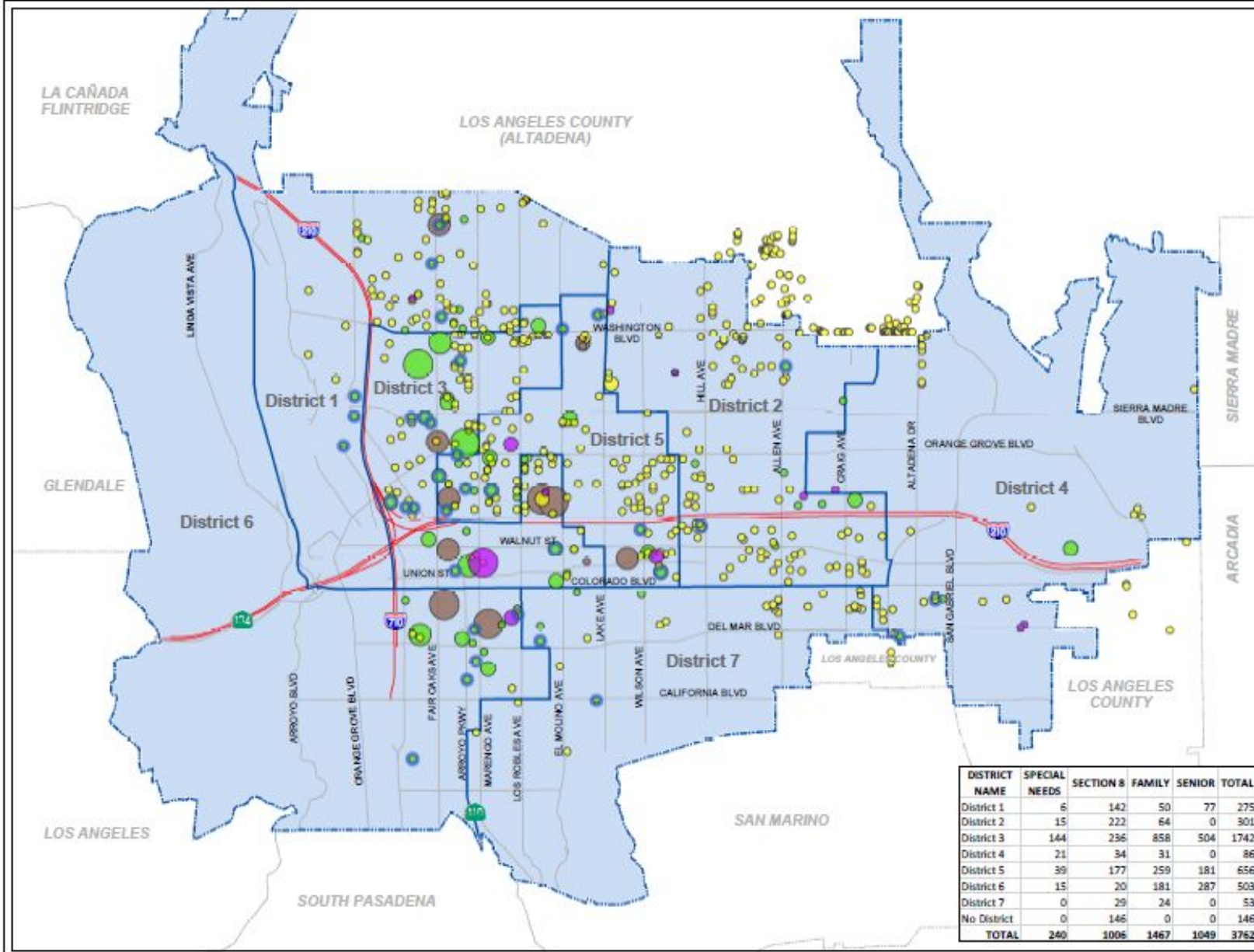
- 1 - 13
- 14 - 44
- 45 - 96
- 97 - 313



Prepared By: Pasadena DoIT - GIS  
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Coordinate System:  
State Plane California Zone V (Feet)  
Datum: NAD 1983



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DISTRICT NAME	SPECIAL NEEDS	SECTION 8	FAMILY	SENIOR	TOTAL
District 1	6	142	50	77	275
District 2	15	222	64	0	301
District 3	144	236	858	504	1742
District 4	21	34	31	0	86
District 5	39	177	259	181	656
District 6	15	20	181	287	503
District 7	0	29	24	0	53
No District	0	146	0	0	146
<b>TOTAL</b>	<b>240</b>	<b>1006</b>	<b>1467</b>	<b>1049</b>	<b>3762</b>

# Pop Quiz-True or False

1. T or F RHNA = the number of units allocated to for each city in CA to plan for, but not necessarily build.

2. T or F The government considers your apartment affordable if you are spending no more than 30% of your income on your total housing needs, including utilities.

3. T or F Homeowners should spend no more than 40% of their income on their mortgage, plus, property tax, utilities etc.

4. T or F The mayor and city staff all need affordable housing

# AH Myths





# Housing Policy Examples/ RHNA

The slide features a white background with a decorative graphic on the right side. This graphic consists of several overlapping, semi-transparent green shapes in various shades, including light lime green, medium green, and dark forest green. These shapes are primarily triangular and polygonal, creating a modern, abstract design. A thin, light gray line also runs diagonally across the lower right portion of the slide, intersecting the green shapes.