



Workforce Housing Loan Initiative

What is Workforce Housing?

Multifamily housing affordable to the majority of low- to middle-income households.

Typical guidelines:

Rent

- Rent is less than average market rent for the area
- Rent is affordable to households with an income less than 80% of the area median (in most areas)
- For high-housing cost markets: Rent is affordable to households with an income less than 120% of the area median

Property Characteristics

- Class B or C constructed before 2000 (typically)
- Any type of construction, but vast majority garden style
- Limited amenities; basic interior finishes that are typically dated or with older appliances

Who Lives in Workforce Housing?

Renters with vital community service occupations, hourly employees, cost-burdened renters and priced-out aspiring home buyers.

- The median renter household income is \$32,841 — which is 59% of the national median income (\$55,370). Nearly three-quarters of renters make less than \$50,000 a year.
- People with vital community occupations (such as teachers, nurses, police officers and firefighters) who can't afford average rent in 65% of high-cost markets. People in service occupations (such as cooks, retail workers, construction workers, janitors) who can't afford average rent in any of the top 44 markets
- Workers earning the federal minimum wage of \$7.25 per hour. The average hourly wage needed to afford the average national rent is \$25.69 as of 2Q17, nearly three times the minimum wage.
- Renters who qualify for subsidized housing but can't get it. For every 100 renter households making less than \$19,000, there are 30 subsidized units.
- Aspiring home buyers who can't afford to buy a home or don't have a down payment. Based on the average renter's salary of \$32,841, a renter should spend no more than \$821 a month on housing. The only region where they can afford to buy a home at the median price with 20% down is in the Midwest.

Where is Workforce Housing?

- Everywhere in the country — from the urban core with a diverse employment base, to suburban locations with above average commutes, to locations with key employer dependency
- Areas in critical need are near employment centers and/or public transportation, where land is expensive and the cost to build is high
- The commute in high-cost markets is well above the national average of 25 minutes and upwards of 30% of people there commute at least an hour

Sources: Compiled from REIS data as of 2Q2017; NMHC tabulation of 2015 American Community Survey; Harvard JCHS tabulation of Urban Institute, Mapping America's Rental Housing Crisis 2011-13; Harvard JCHS The State of the Nation's Housing 2017; US Census 2015 American Community Survey