

## The journey from housing to home: You call that affordable?

The term affordable housing covers a lot of ground, some of which is confusing and often contradictory. During the course of an affordable housing conversation, this question invariably surfaces: “You call that AFFORDABLE?”, followed by, “Why does it cost so much?” And the answer is, again, its complicated.

Since the early 1980’s, the Department of Housing and Urban Development (HUD) has set the limit that a household should pay for housing costs (including rent or mortgage, utilities, homeowner fees). That amount should be no more than 30% of the gross monthly income. This percentage was determined by researching the cost of housing plus additional nondiscretionary expenses such as food, clothing, education and healthcare. The research shows that if a household is spending more than 30% on housing, they are most likely to sacrifice spending on food and other necessities. Any household exceeding the 30% threshold is considered to be cost-burdened.

It may be a surprise to many that a great percentage of households in our area are cost-burdened. Let’s examine some of those figures for the communities of Newburyport, West Newbury, Newbury, Salisbury and Amesbury:

- Between 32% and 37% of homeowners in these five communities are cost burdened.
- For renter households, the numbers are even higher. They range from 24% in West Newbury to 53% in Salisbury.

These numbers should cause us all to be alarmed about the state of housing in our area, as they represent people may be going without food, who are sacrificing on prescription medication or who are unable to pay transportation costs to get to work. All of these ‘nondiscretionary’ items are needed in order to enjoy a happy and healthy life.

The previous article in this series titled “Who qualifies for affordable housing?”, explained that affordable incomes for the Newburyport area range from very low (\$44,500 ) to moderate (\$118,500). With the 30% rule established and with affordable incomes defined, the government then combines the two formulas to determine how much a household would should pay for either a home or for an apartment. Let’s consider the following scenario: (1)

- A 4-person household with a gross yearly income of \$118,500 or less is considered a moderate level of income and would qualify that household for affordable housing.
- 30% of that income is \$2,962 (monthly): the maximum amount that the household should pay for a mortgage and utilities. With today’s mortgage rates, a household with that income could afford approximately \$300,000 for 3-bedroom home.
- If that 4-person household was renting an apartment, they would pay approximately \$2,300 for a 3-bedroom unit.

These prices are the limits that HUD would impose on any developer who would market a home or a rental unit for an affordable buyer. If that household spent more than \$2,962 per month of rent and utilities, that household is considered cost-burdened and is most likely sacrificing their spending on food, clothing, healthcare or other nondiscretionary items.

The Greater Newburyport Housing Choice Coalition is an advocacy group for more affordable housing in the communities of Newburyport, Amesbury, West Newbury, Newbury and Salisbury. If you are interested in housing and want to take part in our activities or if you simply want to learn more about the issue, please get in touch at [jmeers@ywcanewburyport.org](mailto:jmeers@ywcanewburyport.org). We are excited for you to join us on this journey from housing to home.

*My name is Judy Tymon and I am the coordinator of the Greater Newburyport Housing Choice Coalition.*