Affordable Housing: Myths vs. Facts

The need for affordable housing is greater than ever. Between rising rents, financial difficulties, and even a global pandemic, more households are at risk than at any time in recent history.

When low-income families and individuals think of rental assistance programs, they normally think of public housing or Section 8 vouchers, both of which involve a lengthy application process and typically long waiting lists. However, the federal government offers another affordable housing program known as Section 42 housing, and not only does it provide quality, low-cost rental housing for people with low-income levels — it also incentivizes developers to create more affordable rentals for people who need them.

Section 42 housing program is also known as the Low Income Housing Tax Credit Program (LIHTC). The IRS tax code provides a federal tax credit that encourages developers to build affordable housing to meet the needs of the community. The developer must allocate a portion of the total units as low-rent housing for people who earn 30 - 60% of the area median income. A minimum of 20% of total units must be available as affordable units. All units in a building may be affordable units, meaning, all are constructed and furnished with identical amenities.

Section 8 housing program is also known as the Housing Choice Voucher Program. It helps subsidize housing costs for low-income individuals and families. Qualifying households pay rent that is 30% of monthly adjusted income with HUD providing a voucher to the landlord to finance the remaining fair-market rent. Public housing is typically Section 8, but many privately-owned properties also qualify for Section 8.

For many people, “affordable housing” is a loaded term that evokes stereotypical images of undesirable living situations in unsafe neighborhoods. The reality is often quite different. Affordable housing has less to do with where or how the homes are built, and more to do with the various subsidies used to make them affordable to lower-income families. Affordable housing is needed for people entry-level and service sector workers, public sector professionals such as teachers, firefighters, and librarians.

Household incomes above 60% and below 80% of the Area Median Income is traditionally known as Workforce Housing. It is considered low income and does not qualify for Section 42 tax credits.

Myth	Fact
Affordable housing lowers property values	Numerous studies show that contemporary affordable housing developments have no negative impact on nearby property values. Affordable housing actually contributes to increased property values. Contemporary affordable housing developments are often indistinguishable from market rate properties, and designed to fit in the character, quality and value of the surrounding neighborhood.
Affordable housing looks “cheap and undesirable”	Most modern affordable housing developments are populated by full-time workers in low or moderate income jobs. Builders of affordable housing must comply with all the same restrictions on design and construction standards as market-rate projects. Furthermore, because affordable housing projects frequently rely on some public money, they have to comply with additional restrictions and higher standards than market-rate housing. The reality is that affordable housing is affordable because public and private funds or tax credits go into making it less costly to live in, and not because it’s lower quality construction. A significant number of affordable housing developments offer a mix of market rate and affordable apartments with no differentiation in the units’ amenities.

Myth	Fact
Affordable housing hurts the quality of local schools and lowers standardized test scores	Average households in affordable housing have fewer children than those living in single family homes. Also, without affordable housing and with rising rents, many families would have to move frequently to find housing they can afford. That means their children are not able to stay in the same school for long, resulting in lower test scores on standardized tests. Affordable housing helps attract and retain school staff and teachers who earn lower incomes to helps ensure well-staffed schools.
Affordable housing burdens local tax payers	Affordable housing actually enhances local tax revenues. Property tax for multi-family complexes is significantly higher than single-family homes, thus, paying their “fair share” in local property taxes. By improving or replacing substandard housing, affordable housing becomes a net plus on the tax rolls. Instead of low or no payment of taxes by distressed properties, affordable housing owners actively contribute to the local economy in the taxes they pay, the money they spend in local businesses, and in how they increase property values and revenue in a neighborhood.
Affordable housing brings increased crime	Affordable housing can help a community maintain a stable population by making it easier to retain people who already live and work there. Families who live in affordable housing seek the same thing every family does – a safe place to live. Affordable housing, as a tool of economic development, can lower crime rates because neighborhood cohesion and economic stability are enhanced.
Affordable housing is not fair; only the very poor benefit	A lack of affordable housing negatively affects employers, seniors, low to moderate income people, entry-level and service sector workers, and public sector professionals such as teachers, librarians, and arts, park, and recreation staff. It also impinges on broader quality of life issues such as the economic development of the region, traffic congestion, commute times, and air quality. In short, it affects us all. Effectively solving the housing crisis does not mean addressing the needs of just the poor; it also means addressing the needs of the business community, working- and middle-class families, and the broader population.