



# AFFORDABLE HOUSING DEVELOPMENT 101

Faith-Based Development Technical  
Workshop #1

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# WHAT IS AFFORDABLE HOUSING?

## DEFINITION



In general, rents are considered affordable if the combination of rent and utilities are no more than 30% of a household's gross income.

For homeownership, a home is considered affordable if the combination of the mortgage payment (principal and interest) + taxes + insurance + condo fees (PITIC) is no more than 30-35% of a household's gross income.

## WHAT IS AFFORDABLE HOUSING?

# Levels of Affordability

Affordability levels are generally indexed to the Area Median Income (“AMI”) as determined by HUD, and household size:

- “Extremely low income” is up to 30% of AMI
- “Very low income” is up to 50% AMI
- “Low income” is up to 60% AMI
- “Moderate income” is up to 80% AMI
- “Middle income” is up to 100% AMI

“Workforce housing” is typically defined as affordable to working head of household’s earning between 60% and 120% of AMI



# Types of Housing

## THE HOUSING CONTINUUM



## WHAT IS AFFORDABLE HOUSING?

# Who Lives in Affordable Housing

Women and children fleeing domestic violence

Seniors

Indigenous peoples

Homeless people

People living with disabilities

Veterans

Young adults

Racialized groups

Newcomers

People living with mental health and addiction issues

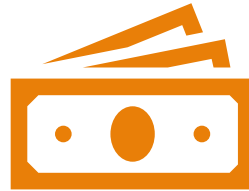


# TODAY'S SHORTAGE OF QUALITY AFFORDABLE HOUSING



## Supply

Only **36** affordable and available rental homes exist for every **100** extremely low-income renter households.



## Affordability

There is **no county** in the United States where a full-time **minimum wage** workers can afford a **2-bedroom** rental.



## Racial Inequity

People of color are **more likely** than white households to **pay over half** their income on rent and make up **80%** of **eviction** cases.

***COVID-19 has made this worse and more apparent...***



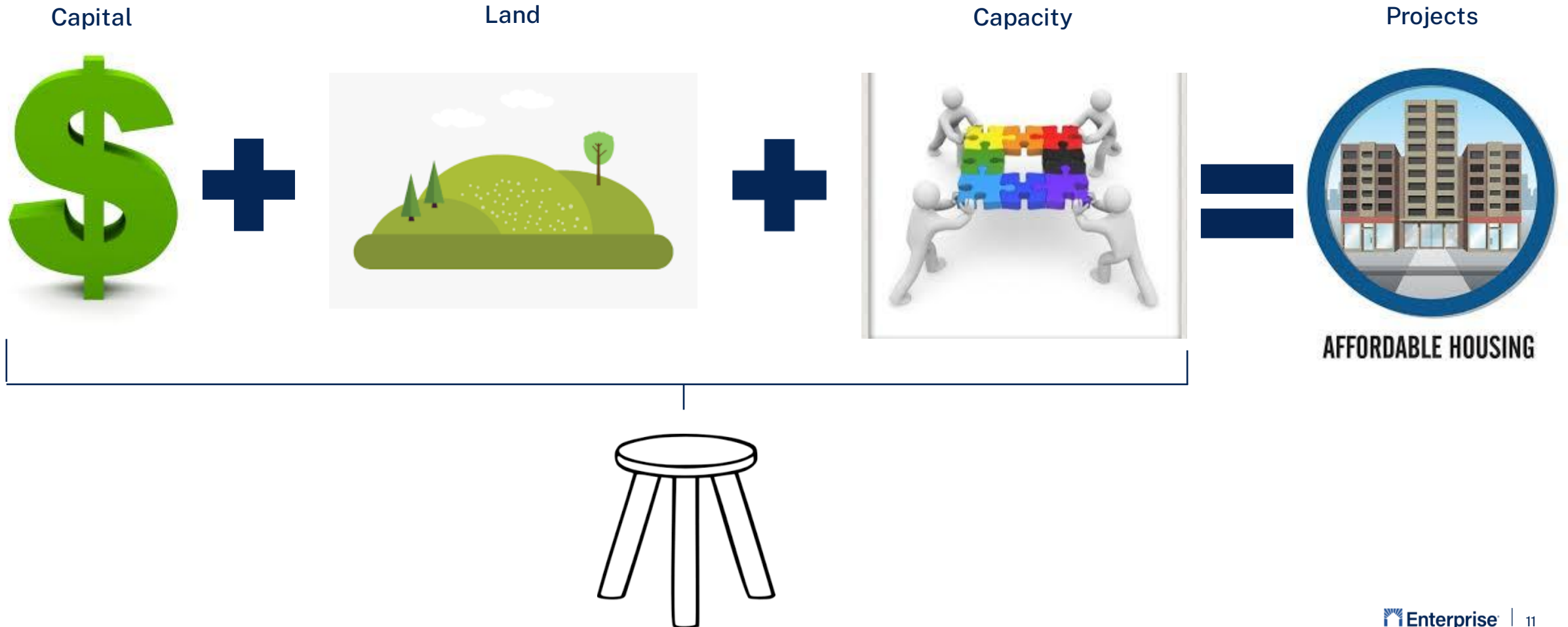
## KEY TAKEAWAYS

# What is Affordable Housing? Takeaways

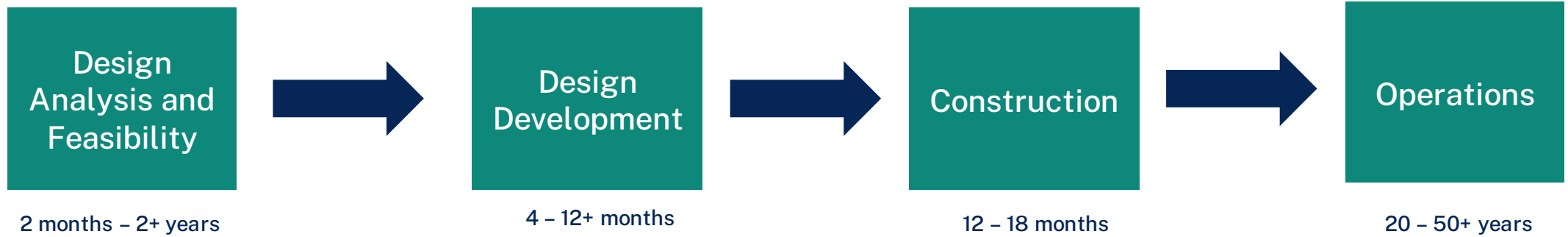
- ❑ There are many different types of affordable housing
- ❑ Affordability varies by household
- ❑ Housing need is currently greater than what we are able to meet

# THE DEVELOPMENT PROCESS

# Project Components



# Real Estate Development Stages



## Design Analysis and Feasibility

Design  
Analysis and  
Feasibility

Design  
Development

Construction

Operations



- Identify and select site
- Site investigation: Building Condition
- Preliminary architectural design  
concept: Zoning
- Planning pre-consultation
- Identify project partners
- Draft capital and operating budgets
- Identify and secure sources of funding  
and/or financing

## Design Development

Design  
Analysis and  
Feasibility

Design  
Development

Construction

Operations



- Refine and finalize architectural design
- Establish partnerships
- Land ownership
- Finalize capital and operating budgets
- Obtain municipal approvals (site plan, rezoning, building permit, etc.)

# Construction

Design  
Analysis and  
Feasibility

Design  
Development

Construction

Operations



- Construction administration – monitoring contract schedules and budgets
- Testing and inspections
- Municipal Occupancy Permit
- Building rent-up preparations
- Deficiencies
- Final costs

# Operations

Design  
Analysis and  
Feasibility

Design  
Development

Construction

Operations

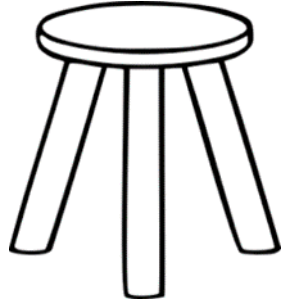
- Building commissioning – testing and balancing
- Rent-up
- Project documentation
- Warranty
- Property management



## KEY TAKEAWAYS

# Development Process Takeaways

- ❑ You need all three components (capital, land, capacity) for a successful project
- ❑ The timeline of development varies by project
- ❑ There is a lot of work before getting a shovel in the ground
- ❑ Feasibility is key



# THE DEVELOPMENT TEAM

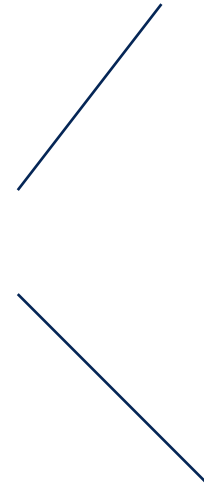
# Project Team



HOUSING PROVIDER/  
DEVELOPER



PROJECT  
MANAGER



ARCHITECT

- Structural Engineer
- Civil Engineer
- Mechanical & Electrical Engineers
- Landscape Architect



CONSTRUCTION  
MANAGER

- Trades
- Suppliers

# Roles and Responsibilities



Housing  
Provider



Project  
Team



Property  
Manager



Support  
Services



Funders &  
Lenders



Regulators

## KEY TAKEAWAYS

# Development Team Takeaways

- ❑ A strong development team makes a difference for projects
- ❑ Identify your organization's strengths
- ❑ Identify strengths needed from other team members to fill your gaps

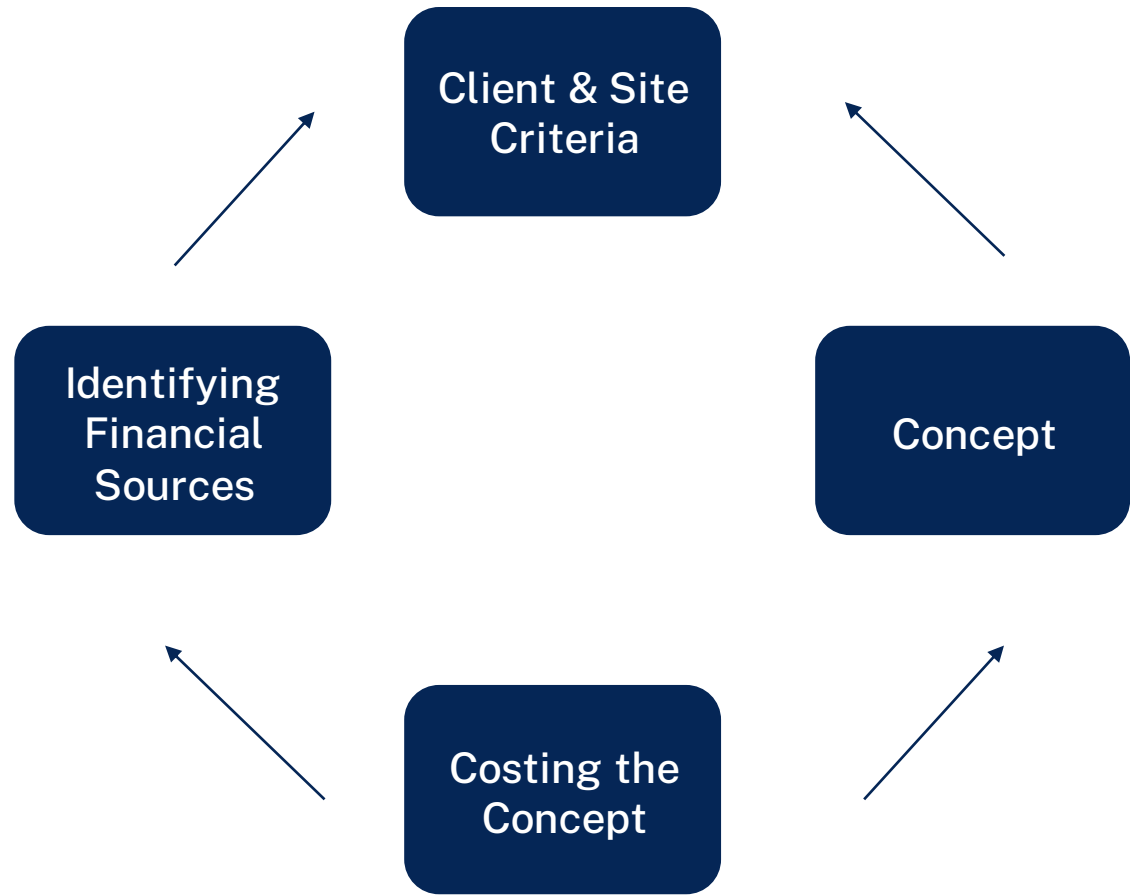
# FINANCIAL BASICS

# Process

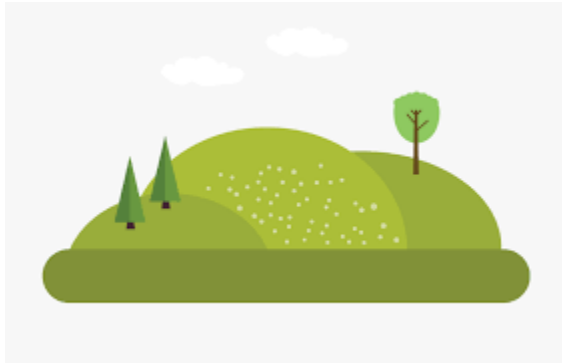


Government

Mission



# Project Costs



Land Costs



Soft Costs



Hard Costs



AFFORDABLE HOUSING



# Financial Sources



Government  
&  
Grants

- Municipal Incentives
- H.O.M.E. Funds
- Tax Allocation Districts
- Tax Incentives (LIHTC)
- Public Sector Grants
- Philanthropy



Financing

- Conventional Banking
- CDFIs
- Social Investments



Partnerships

- Non-Housing Funding (social services/health & recreation, etc.)



Equity

- Cash
- Fundraising
- Assets

## Financial Basics Takeaways

- ❑ All projects need grants
  - ❑ These can come from a variety of sources including government
- ❑ To receive financing, you need a viable operating budget
- ❑ All projects need equity

# Thank You



## Faith-Based Development Initiative

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