

# City of Mission Viejo Affordable Housing Education Program



## ❖ What is Affordable Housing?



Affordable housing is a dwelling where the total housing costs are affordable to those living in that housing unit. According to the federal government, housing is considered “affordable” if it costs no more than 30% of the monthly household income for rent and utilities. If your household income is \$60,000 a year, you should pay no more than \$1,500 monthly for your mortgage or rent and utilities. If you are in a sales job, making \$12.00 an hour, you should be paying no more than \$624 dollars a month in rent and utilities. When the monthly carrying costs of a home exceed 30–35% of household income, then the housing is considered unaffordable for that household.

California continues to suffer from a lack of housing that is affordable for even middle-income families. Workers face long commutes between housing they can afford and their jobs, and the high cost of housing leaves families with less income to spend on other necessities. A recent report has found that, while renters faced the greatest affordability challenges, high housing costs had pushed homeownership out of reach for many families. As housing costs rose, some families could only afford to live in overcrowded or substandard housing, many families struggled to leave welfare for work, and households across a broad array of age groups and ethnic and racial backgrounds faced significant cost burdens.

Housing in Orange County is among the most expensive in the nation. Probably, someone you know is struggling under the escalating costs of housing in every Orange County community. Several factors combine to create California’s housing crunch: wages have not kept pace with housing costs; relatively low paying sales and service jobs are proliferating while housing options for lower wage jobs are minimal; new industries and a growing economy in Orange County create a premium demand for any housing; land values remain high and housing production is not meeting demand. All of these factors contribute to the current shortage of affordable housing.

## What is Workforce Housing?

Workforce housing is a relatively new term that refers to affordable housing for working families. Households earning between 60 and 120% of their region’s annual median income (AMI) would be a part of this workforce housing. It is also characterized by four principal factors:

- **Affordability:** Based on criteria set by mortgage lenders, the U.S. Department of Housing and Urban Development (HUD) concludes that no more than 30% of household income should be allocated to housing costs.

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- **Home ownership:** It refers to single-family detached homes for sale at prices that workforce families can afford, although workforce families often seek alternative housing opportunities in rental apartments and rental homes, town homes, condominiums, and shared housing.
- **Critical workforce:** “Workforce housing” includes housing intended to appeal to key members of the workforce such as police officers, teachers, nurses and medical technicians, office workers, etc., whom we think of as “the backbone of any successful community.” Workforce families are generally younger and often include or plan to include children.
- **Proximity:** It is located in or near employment centers, as opposed to distant suburbs.

“Workforce housing” is still a fluid term. In recent years it has come to mean the gap facing those who earn too much to qualify for affordable housing subsidies, but not enough to afford a home or an apartment. The National Housing Conference, among the first to identify the issue in the late 1990s, defines workforce housing as housing for those with at least one full-time worker who earns between minimum wage and the amount needed to afford to live in the area. These middle-income working families used to qualify for federal subsidies such as Section 8, but are now on their own.

The need for workforce housing was born of the economic boom in the 1990s. While salaries for the top American earners increased dramatically, the bottom 60 percent barely kept up with inflation and home prices doubled.

For more information on workforce housing, see the [Orange County Business Council](#)’s campaign for Workforce Housing.

**Workforce Housing**  
Who needs it?  
We do!

San Rafael High School Teacher, Jesús Campos  
San Rafael Police Officer, Kate Berringer  
San Rafael Firefighter and Paramedic, Kevin Kelleher

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