



**COMMUNITY DEVELOPMENT**

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CITY OF DURHAM

Income and Affordability

October 20, 2022

# Housing Affordability vs. Affordable Housing

## Housing Affordability

Rule of thumb is that households should not spend more than 30% of gross income on housing related expenses, defined as rent plus utilities, or mortgage, insurance and taxes.

Example: Household with total annual income = \$40,000

Affordable housing expenditure per month =  $\$40,000 \times .3 \div 12 = \$1,000$

## Affordable Housing

Affordable housing refers to safe, decent housing that is affordable (based on the rule of thumb above) to *low-income* households.



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# Who is Low-Income?

- City follows income limits for U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnership Program, which defines **low-income** as households earning **less than 80% of Area Median Income (AMI)**.
- AMI limits are based on HUD estimates of median family income using data from the U.S. Census Bureau and adjusted for household size.
- AMI limits are set for geographic areas defined by the Census Bureau and HUD. For the purpose of setting income limits, the City of Durham is part of the Durham-Chapel Hill Metro Fair Market Rent (FMR) Area that includes Durham and Orange Counties.



# 2022 Durham-Chapel Hill Metro FMR Limits

Household Income as % of AMI	Household Size (# Persons)							
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% AMI	\$20,100	\$22,950	\$25,800	\$28,650	\$30,950	\$33,250	\$35,550	\$37,850
50% AMI	\$33,450	\$38,200	\$43,000	\$47,750	\$51,600	\$55,400	\$59,250	\$63,050
60% AMI	\$40,140	\$45,840	\$51,600	\$57,300	\$61,920	\$66,480	\$71,100	\$75,660
80% AMI	\$53,500	\$61,150	\$68,800	\$76,400	\$82,550	\$88,650	\$94,750	\$100,850

Source: U.S. Department of Housing and Urban Development, Income Limits for HOME Investment Partnership Program,  
<https://www.hudexchange.info/programs/home/home-income-limits/>

HUD defines households with incomes below 80% Area Median Income (AMI) as **‘low-income.’**

- Households below 50% AMI are considered ‘very low-income.’
- Households below 30% AMI are considered ‘extremely low-income.’



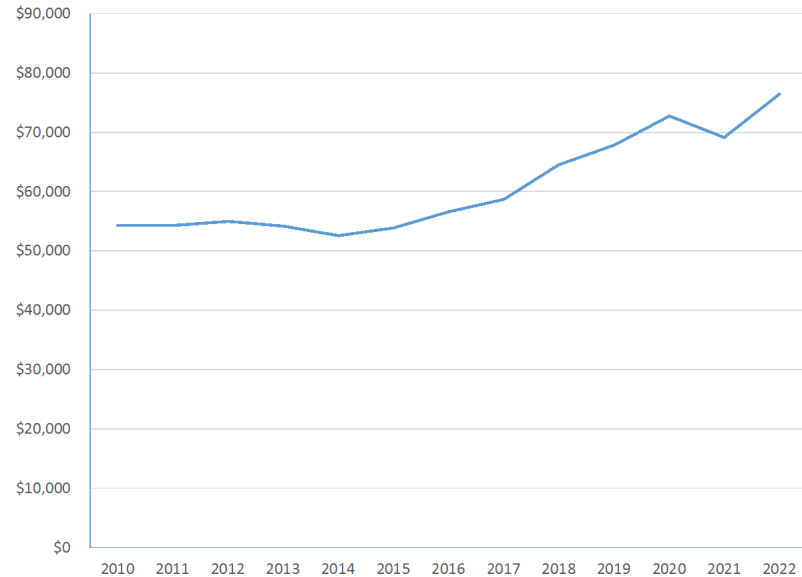
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# Durham-Chapel Hill Metro FMR Limits, 2010-2022

Year	80% AMI for 4-person household	% Change from Prior Year
2010	\$54,250	-
2011	\$54,250	0%
2012	\$54,950	1%
2013	\$54,150	-1%
2014	\$52,550	-3%
2015	\$53,900	3%
2016	\$56,550	5%
2017	\$58,650	4%
2018	\$64,500	10%
2019	\$67,850	5%
2020	\$72,700	7%
2021	\$69,100	-5%
2022	\$76,400	11%

80% AMI Income Limits for Four-Person Household  
Durham-Chapel Hill Metro FMR, 2010-2022



# Rationale for Current Income Limits

- City is required to use HUD AMI limits for activities funded with HUD entitlement funds and for projects utilizing federal Low Income Housing Tax Credits (LIHTC).
- HOME AMI limits are the standard used across the country for affordable housing programs, which allows for comparisons across jurisdictions.
- Income limits are updated annually by HUD and do not require additional data collection or analysis by City staff.



# Concerns with Current Income Limits

- Durham is part of a metro FMR area that includes wealthier Orange County, which means that median income for Durham and Orange together is higher than it would be for Durham alone.
- HUD calculates AMI limits based on family income, which includes renters and owners. Since renters on average have lower incomes than owners, combined AMI limits are higher than what they would be if they were based on renter incomes only.

**Income and Population by County**

	Durham	Orange
Median Family Income, 2021	\$71,403	\$80,294
Population, 2021	326,126	148,884

*Source: American Community Survey*

**2021 Median Income by Housing Tenure  
City of Durham**

	Number of Households	Median Income
All Households	122,412	\$71,343
Owner Households	62,550	\$102,612
Renter Households	59,862	\$46,167

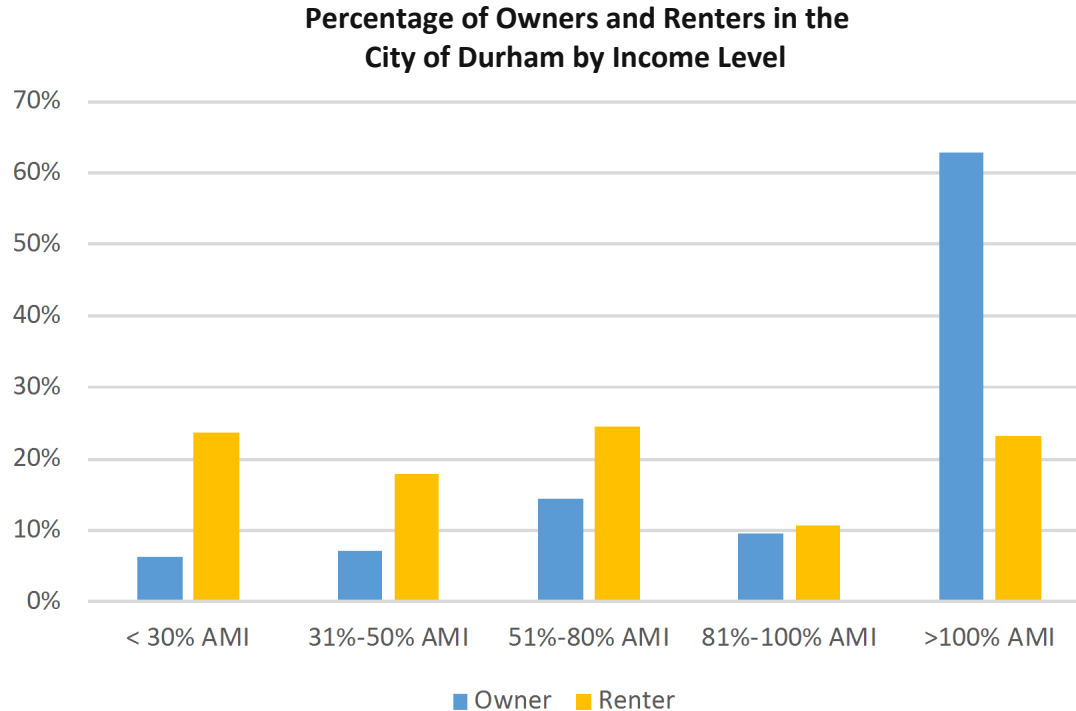
*Source: American Community Survey*



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# Distribution of Renter and Owner Incomes





# QUESTIONS?



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