

# A CITIZEN'S GUIDE TO AFFORDABLE HOUSING

## A message from the County Executive

We are fortunate that our community is seeing growth along with a new vitality and energy. That means more opportunities as well as new challenges, including a need to ensure that affordable housing is available in neighborhoods and municipalities throughout the county.



To support affordable housing and to leverage our public dollars, Allegheny County partners with developers (for-profit and nonprofit) to create and preserve rental units and single-family homes. Each year, the county invests between \$4 million to \$6 million to increase or improve housing. In the past seven years, a total of \$228,207,476 has been invested through public and private sources in creating nearly 2,000 units.

This work is done by our talented team in Allegheny County Economic Development (ACED), as they connect residents who have housing needs to government programs that are available to help while also encouraging developers to create affordable housing units. This citizen's guide, presented by ACED, is intended to provide the basics about what affordable housing is, who is eligible, how the county helps – including applicable programs, how much affordable housing units cost, and why it's important.

A handwritten signature in blue ink that reads "Rich Fitzgerald". The signature is written in a cursive, flowing style.

Rich Fitzgerald  
County Executive



**Braddock Overlook Apartments in the Borough of Braddock**  
(photo courtesy of Ed Massery)

## What is affordable housing?

Affordable housing is simply housing, rented or owned, that is affordable to most residents.

But that begs the question: Affordable to whom? Affordability can vary person to person based on their income, where they live, how much it costs for living expenses, and other variables. As a rule of thumb, the U.S. Department of Housing and Urban Development (HUD) determined that no American should spend more than 30 percent of their income on housing expenses, which includes mortgage or rent, insurance, and utilities. If a person is forced to spend more than that, they likely will struggle to afford necessities such as food, clothing, transportation, and medical care.



**Dave Wright Apartments in the Borough of Heidelberg (photo by Allegheny County Economic Development)**

## Who is eligible?

According to Harvard's Joint Center for Housing Studies, this region boasts some of the most reasonable housing costs in the nation, especially in relation to the growing average income here. The study found that almost 74% of area households can afford payments on a median-priced single-family home. Additionally, Zillow ranked Pittsburgh No. 1 on its 2018 list of the top 10 most affordable markets for renters, who locally can expect to spend just 21.9% of their household income on housing.

Despite those positive numbers, we know there is a lot of work left to do to ensure that all our residents enjoy the fruits of our prosperity. Building more and better affordable housing and preserving the quality housing we already have is key to accomplishing that goal. The housing needs of our communities vary, so development partners plan their housing projects accordingly.

To ensure those projects are effectively helping residents, affordable housing units have eligibility requirements for tenants – always income and sometimes age or disabilities.

Because each area has different living costs and income levels, HUD annually determines income eligibility for housing programs based on a benchmark called area median income (AMI). In a designated area, half of the households make more than the AMI, and the other half makes less. The number of people living in a household also is considered. Generally, qualifications for income-based housing programs fall into one of three categories: low income (less than 80% AMI), very low income (less than 50% AMI), and extremely low income (less than 30% AMI). To put the local AMI into perspective, a person living alone making a gross income of \$42,600 or a family of four making \$60,800 would potentially be eligible for an income-based housing program in Allegheny County.

## How we help

There are many government programs available to help residents with their housing needs. There are also programs designed to encourage developers to create affordable housing units. In return for receiving incentives such as tax credits and/or funding help, the developers are required to offer high-quality housing at a lower cost to moderate- to low-income people for a certain number of years (typically ranging from 10 to 30 years).

To support affordable housing and to leverage our public dollars, Allegheny County partners with developers (for-profit and nonprofit) through its Economic Development Department (ACED) to create and preserve rental units and single-family homes. Those projects include new construction, conversion of existing structures (old schools, warehouses, etc.), and rehabilitation of existing properties.

It focuses on adding funding to affordable housing projects that are:

- Part of an overall community revitalization effort and are intended to stabilize a market and/or promote an underpopulated area;
- Part of an opportunity-rich community, where there is great transit, schools, and employment options;
- Needed to fill a housing shortage; and/or
- Needed to improve the quality of existing housing

so that it can remain affordable and available for years to come.

Applications are accepted on a rolling basis from developers who seek additional funding through the Allegheny Housing Development Fund (AHDF). After those applications are submitted, the Housing and Human Services Division evaluates them based on the following questions:

- Can the developer demonstratively prove that there is a need for the project?
- Could the project be completed without county involvement?
- Does the developer have other funding sources?
- Does the developer have the ability and capacity to assure the project's success for the entire period it is required to remain affordable?
- Does the developer have the ability and experience to complete the project effectively?
- Is the project ready to go now?

To maximize the return on its investment, ACED often uses its funding to leverage access to low-income housing tax credits (LIHTC) as another source of project financing. LIHTC, a federal program administered by the Pennsylvania Housing Finance Agency (PHFA), allows developers to claim credits on their federal income tax returns. Project partners apply for those credits through a competitive process, and ACED's involvement is often required to leverage those additional resources.

## MORE THAN A LENDER

Allegheny County pilots or is a partner in several programs and initiatives aimed at helping residents with their housing needs:

**Home Improvement Loan Program** — Sponsored by the Redevelopment Authority of Allegheny County (RAAC) and administered by Economic Development, the program can provide eligible residents with no-interest loans for priority items such roof repairs, retaining walls, etc. as well as low-interest loans for general improvements.

**Residential Mortgage Foreclosure Program** — Economic Development works with a designated judge in the Court of Common Pleas, the Allegheny County Sheriff's Office, nonprofit counseling agencies, and legal services to help eligible homeowners going through foreclosure proceedings to enroll in the "Save Your Home" program, which allows the homeowners time to work with lenders and housing counselors, as available, to resolve their foreclosure.

**Vacant Property Recovery Program** — RAAC works with 77 participating municipalities to acquire vacant, blighted properties, clear the title to them, and give them to individuals, municipalities, community groups, local businesses, and private and nonprofit developers that have developed a concrete reuse plan and have the capacity to implement it.

**Lead Safe Homes Program** — Economic Development, partnering with HUD, the Urban Redevelopment Authority of Pittsburgh (URA), ACTION-Housing Inc., and the county's Health Department, offers financial support to eligible residents for lead testing and hazard remediation in their homes.

**Safe and Healthy Homes Program** — The Health Department provides free, in-home health and safety assessments to eligible residents. Those assessments include a visual inspection for potential dangers in the home such as asthma triggers, allergens, mold and moisture, inadequate ventilation, pest infestations, lead-based paint, fall hazards, and child-safety hazards.

## INVESTING IN OUR FUTURE

Here is how much funding ACED has leveraged or directly provided for local affordable housing projects since 2012:

Year	Leveraged	Funded	Total	Units
2012	\$17,469,559	\$8,934,246	\$26,403,805	721
2013	\$36,308,268	\$10,204,537	\$46,512,805	246
2014	\$1,275,188	\$2,250,871	\$3,526,059	138
2015	\$40,611,868	\$4,756,423	\$45,368,291	196
2016	\$34,109,496	\$5,838,926	\$39,948,422	153
2017	\$41,416,501	\$5,859,657	\$47,276,158	189
2018	\$14,411,305	\$4,760,631	\$19,171,936	243
<b>TOTAL</b>	<b>\$185,602,185</b>	<b>\$42,605,291</b>	<b>\$228,207,476</b>	<b>1,886</b>

## How much it costs

The average cost for construction of new affordable rental housing varies greatly, with costs ranging between \$205,000 to \$396,000 per unit, and new single-family homes costing between \$248,000 and \$327,000. Additionally, the average cost to renovate single-family homes has been about \$235,000. The numbers vary because of many different factors, including construction costs, where the housing is located, the size of the projects, and whether costs were increased by site or infrastructure needs or historical considerations. ACED encourages the development of high-quality housing to minimize the maintenance and energy demands placed on tenants, managers, and owners.

The Allegheny Housing Development Fund (AHDF) provides project funding for the creation and preservation of housing in the form of a deferred repayment loan or direct subsidy from one or more of the following sources:

- **Home Investment Partnerships Program (HOME)** – Federal funding that assists state and local governments in providing affordable housing opportunities to low-income families;
- **Community Development Block Grant Program (CDBG)** – Federal funding that supports projects addressing community and economic development priorities, including housing, water, infrastructure, and human service needs;
- **Affordable Housing Trust Funds** – Money used for affordable housing that's raised by the county through increased fees for the recording of deeds and mortgages; and/or
- **Grants from the state or federal government.**

Allegheny County spends between \$4 million to \$6 million each year to increase or improve housing. That amount varies quite a bit based on the amount of money received from the federal government, leftover funds from previous years, and the size and quality of projects. ACED is very strategic in how it uses public dollars, ensuring that the investments have the greatest possible positive impact for residents.

## Why it's important

There is a strong chance you know someone who is benefitting or could benefit from a housing program, whether directly or indirectly.

While housing markets might fluctuate, a person's ties to a community do not. These programs allow residents the chance to stay close to where they often have important connections to friends and family, cultural and religious institutions, and vital services. For others, affordable housing simply provides hope, stability, and a good place to live in which to grow and prosper.

Housing programs also help those who don't utilize them. When the local workforce can't find housing they can afford, the entire community suffers. However, enough supply of housing for families all along the income spectrum helps create a vibrant, growing, and sustainable economy. Quality housing options reduce blight and homelessness, attract new investment and employers, generate tax revenue, and create jobs in construction, architecture, and engineering, as well as at nearby businesses like restaurants and retail.

For those reasons, Allegheny County is committed to building a region with ample housing that is affordable to all who seek to live and work here.

### FOR MORE INFORMATION

Economic Development

**412-350-1000**

[alleghenycounty.us/  
economic-development](http://alleghenycounty.us/economic-development)