



**METRO
HUMAN
RELATIONS**

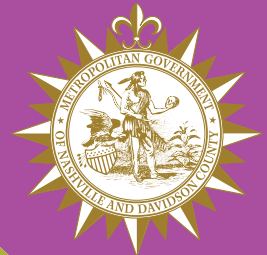


COMMISSION



Understanding Nashville's Housing Crisis

Part 1: "Affordable" for Who?



INTRODUCTION

These days, Music City is singing the tune of growth and development. Neighborhoods are being revitalized, downtown is being transformed, and tourists are flocking to our city. Recent city-funded projects include plans to invest over \$5 billion of new tax revenue in light rail, and significant funding for the construction of a major league soccer stadium. Nashville is indeed an “It” city, but many Nashvillians can no longer afford “It.”

Skyrocketing housing costs are pushing tens of thousands of Nashvillians out of the city. Currently, *half* of Nashville workers earn under \$30k per year.¹ Housing costs are increasingly eroding the standard of living and outpacing the income of everyday people. According to 2015 data, nearly a quarter of homeowners and a staggering 49% of renters are paying more than they can afford for housing. These numbers have only increased in the past 3 years. While Nashville’s economy continues to boom, wages are not keeping up with the rent.

These statistics demonstrate that the need for affordable housing is a not a niche issue but a massive concern that impacts **the majority** of Nashville residents across numerous, diverse communities.

Purpose of this pamphlet series

Perhaps you’re a teacher who’s been forced to move to the suburbs by rising rent. Maybe you’re a Section 8 voucher-holder who has been searching for months and still can’t find an apartment that will accept your voucher. Maybe you’re a single parent who is working two jobs and is barely able to scrape up the rent each month. The fact is, most of us are feeling the weight of the housing crisis in some way. It’s also true that there’s a lot of talk about “affordable” housing, but sometimes the issues seem too complex or overwhelming to engage.

This series of pamphlets breaks down some of the statistics and terminology to clarify some critical aspects of the housing crisis. If we want to see a more equitable Nashville, we must start by arming ourselves with knowledge about the issues at hand.

In this first pamphlet, we answer the question, “**what is ‘affordable’ housing?**” We explain existing terms like “affordable” and “workforce” housing. We present the scale of the need for affordable housing which includes people from a wide cross section of professions and income

brackets. Further, we outline the widening gap between Nashvillians’ incomes and the cost of decent, well-located housing. We hope you share this information with friends and family and find ways to engage with others in your community who are fighting for a more equitable Nashville.

According to 2015 data, nearly a quarter of homeowners and a staggering 49% of renters are paying more than they can afford for housing.

WHO CAN “AFFORD” NASHVILLE?

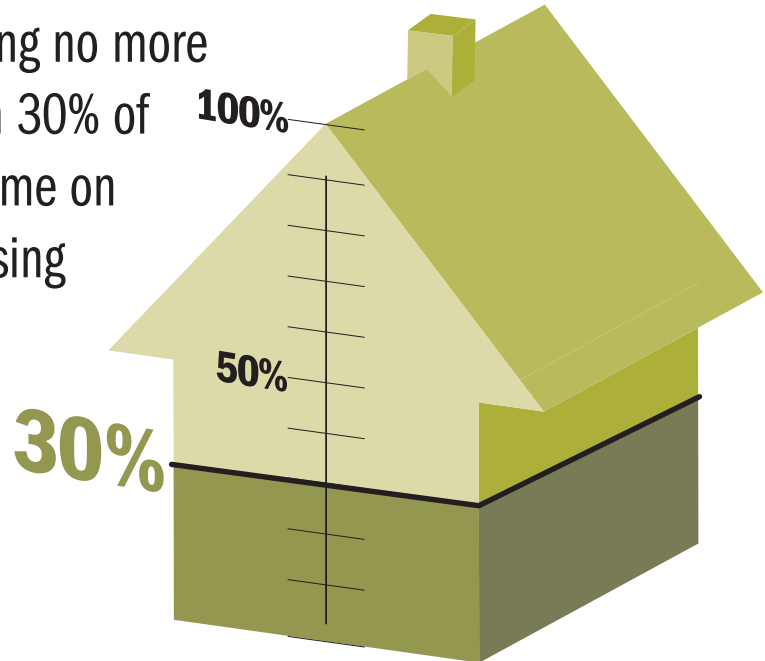
I. Who decides what’s “affordable”?

Housing affordability is officially defined by the US Department of Housing and Urban Development (HUD) and is measured as a percentage of income. Housing is considered affordable if you pay 30% or less of your income on housing, rented or owned (mortgage or rent *including utilities*).

This measure of affordability as a percentage of income dates back to the federal housing programs of the 1940s. At that time, however, the threshold for affordability was 20% of income. This rose to 25% of income in 1969 and then to 30% in 1981.²

“AFFORDABILITY”

Paying no more
than 30% of
income on
housing



II. Skewed incomes make for skewed markets: MHI and AMI as measures of “affordability”

To define affordability, governments typically start by finding the “median,” or “middle,” income of the residents in a given area. You can imagine all the household incomes in a given area (adjusted for family size) being lined up from highest to lowest: the household right in the middle of that line is the “median.”

Two different measures are used in Nashville for evaluating what is considered “affordable housing”: **Median Household Income (MHI)** and **Area Median Income (AMI)**. Both measures are calculated in the same way, but they are calculated *from two different geographical areas*.

Median Household Income (MHI): MHI is the measure used by the Mayor’s Office. MHI only looks at the median income for households in Davidson County. In 2015, the MHI for a family of four was \$59,803.³

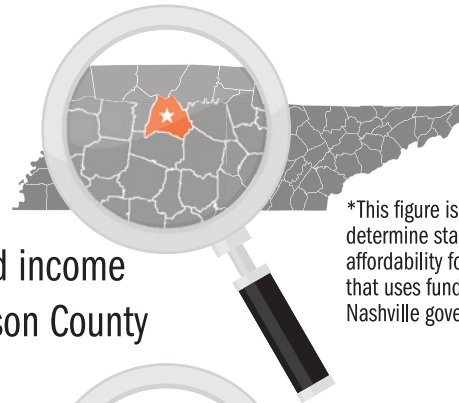
Area Median Income (AMI): AMI is used by federal housing programs to determine if someone qualifies for subsidized housing, based upon set income limits. The “Nashville “area,” as defined by HUD, includes 10 counties: Cannon, Cheatham, Davidson, Dickson, Robertson, Rutherford, Sumner, Trousdale, Williamson, and Wilson County. In 2015, the AMI for a family of four was \$66,900.⁴

You will notice that the Nashville area’s AMI exceeds Nashville’s MHI by more than \$7,000. This is because the AMI includes Williamson County—by far the richest county in Tennessee. Including the incomes of Williamson County residents therefore skews the concept of “affordability” for anyone looking at the Nashville area AMI. For programs like Section 8, this results in guidelines that are decidedly detached from the realities of the Nashville housing market.

The **MEDIAN** is measures the “halfway” point in a line of numbers. If numbers representing all household incomes were put in a line from least to greatest, the median would be the number in the middle. This is different than the “average”.

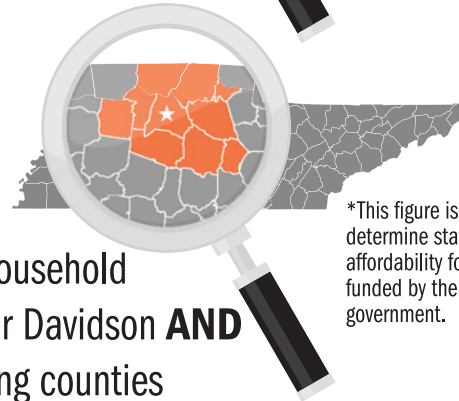
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MHI* =
median
household income
for Davidson County



*This figure is used to determine standards of affordability for housing that uses funds from Metro Nashville government.

AMI* =
median household
income for Davidson **AND**
surrounding counties



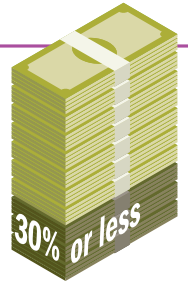
*This figure is used to determine standards of affordability for housing funded by the federal government.

III. Affordable and workforce housing in Davidson County

You've probably heard the terms "affordable housing" and "workforce housing" on the news, at a community meeting, or from a developer wanting to build housing in your neighborhood. There is often a lot of confusion about exactly what kind of housing this refers to. Let's cut through the confusion and get down to what these terms really mean:

Almost 70% of Nashvillians fall into either "affordable" or "workforce" housing income brackets.

Affordable Housing is housing that an individual or family earning 60% or less of the MHI can afford without being cost-burdened.⁵ Nashvillians who need "Affordable Housing" include: Childcare workers, bank tellers, restaurant staff, security guards, firefighters, adjunct professors etc.



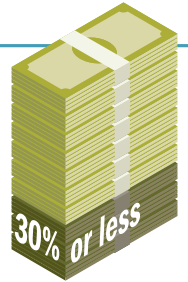
Affordable Housing for family of 4 = family earns under \$35,882/yr
Rent = under \$897/month



Affordable Housing for individual = individual earns under \$19,348/yr
Rent = under \$484/month

*2015 Davidson, County MHI = \$52,026⁶

Workforce Housing is housing that an individual or family earning between 60% and 120% of the MHI can afford without being cost-burdened.⁷ Nashvillians who need "Workforce Housing" include: Police officers, web designers, electricians, social workers, nurses, retail managers etc.



Workforce Housing for family of 4 = family earns \$35,882-\$71,764
Rent = \$897/month-\$1,794/month



Workforce Housing for individual = individual earns \$19,348-\$38,716/yr
Rent = \$484/month-\$968/month

IV. Are you paying too much for housing?

The “30% of income” definition of housing affordability is also used to determine how many people are “**cost-burdened**,” which simply means “paying too much for housing.” Households that spend more than 30% of their income on housing are considered cost-burdened. Households spending more than 50% of their income on housing are referred to as severely cost-burdened.

At present, a Nashville resident needs a monthly income of \$4,627 to be able to *afford the average fair market rent*. That equates to an annual household income of \$55,500. For most Nashvillians, that salary is not a reality.

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Households that spend more than 30% of their income on housing are considered cost-burdened.



Are YOU cost-burdened?

ANNUAL INCOME	If you're paying this amount or more for housing each month (including utilities), you are cost-burdened .	If you're paying this amount or more for housing each month (including utilities), you are severely cost-burdened .
\$10,000	\$250	\$417
\$15,000	\$375	\$625
\$20,000	\$500	\$833
\$25,000	\$625	\$1,042
\$30,000	\$750	\$1,250
\$35,000	\$875	\$1,458
\$40,000	\$1,000	\$1,667
\$45,000	\$1,125	\$1,875
\$50,000	\$1,250	\$2,083
\$55,000	\$1,375	\$2,292
\$60,000	\$1,500	\$2,500
\$65,000	\$1,625	\$2,708

What's wrong with being cost-burdened?

When households spend too much money on housing, this has negative consequences for their well-being and for the community more broadly.

Spending a large portion of income on housing makes it difficult for household to pay for basic necessities like food, transport, utilities, health care, education and so on.⁸ Problems that have been linked with cost-burdened households include overcrowding;⁹ reduced spending on food, education and health;¹⁰ longer commutes;¹¹ lower housing and neighborhood quality;¹² exposure to harmful pollutants, toxins, and allergens;¹³ increased stress;¹⁴ and lower educational attainment for children.¹⁵

High housing costs are also bad for our local economy. The Mayor's office reports that excessive housing costs overburden Music City renters to the tune of \$345 million per year - that's \$345 million that Nashvillians could contribute to our local economy if we were not forced to spend so much on housing.¹⁶

Excessive housing costs overburden Nashville renters by more \$345 million per year.

COST BURDENED IN DAVIDSON COUNTY

46% of all Davidson County residents are renters



49% of renters are cost burdened (pay over 30% of income on housing)

23% of renters are severely cost burdened (pay over 50% of income on housing)



54% of Davidson County resident are homeowners¹⁷



31% of homeowners with a mortgage and 12% without one are cost burdened



Women and people of color in Davidson County are disproportionately burdened by housing costs

56% of women of color are cost burdened

48% of white women are cost burdened

51% of men of color are cost burdened

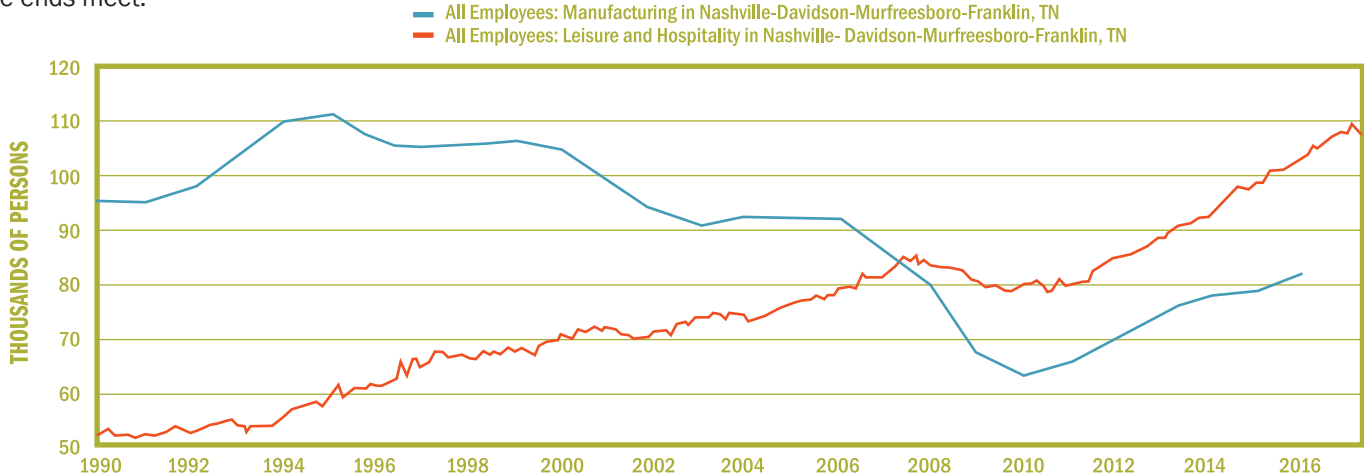
40% of white men are cost burdened

LOW WAGES, RISING RENT

Recent media coverage of the Nashville housing market has focused on the growing divide between wages and housing costs. Wages are not keeping up with increases in housing costs. **Over 49% of Davidson County renters are cost burdened, with about 23% of renters spending more than half of their income on rent.**

A Shift in the Job Market

Like other regions across the country, Nashville is experiencing a major shift in its employment base. The economy is producing high paying jobs for those who have high levels of education and fewer middle income jobs for traditional working-class residents. The following table highlights this economic transition. At its peak in 1995, the Nashville region was home to 110,000 jobs in the manufacturing sector and less than 60,000 leisure and hospitality jobs. Since then, we have seen these sectors completely swap positions. Today, our regional economy has 110,000 jobs in the leisure and hospitality sector and just over 80,000 in manufacturing. According to the Bureau of Labor Statistics, workers in the leisure and hospitality sector work, on average, 26.2 hours per week. In the manufacturing sector, employees work an average of 40.9 hours per week. These structural changes in the economy make it more difficult for employees in low-wage sectors to make ends meet.



Source: Federal Reserve Bank of St. Louis and U.S. Bureau of Labor Statistics (fred.stlouisfed.org)

Analysis of the data on job growth by sector shows that much of Nashville’s growth depends upon **low-wage labor**. More than 90% of the jobs in the food preparation and serving, cleaning and maintenance, and personal care and service sectors have a median wage *below \$15 per hour*. In fact, about 35% of all jobs in the Nashville region are in sectors where the median wage is less than \$15 per hour. **For a full time worker, this is about \$30,000/year.**

Wages and Rent

Table 1 shows job growth in occupational sectors with low median hourly wages. Many of these positions are part-time and include limited benefits. These workers are increasingly priced-out of local housing markets. In recent years, Nashville’s economy has created over 33,000 low-wage jobs in sectors critical to the region’s economic health. Yet, at their current wage, most of these workers cannot find housing they can afford.

Table 1

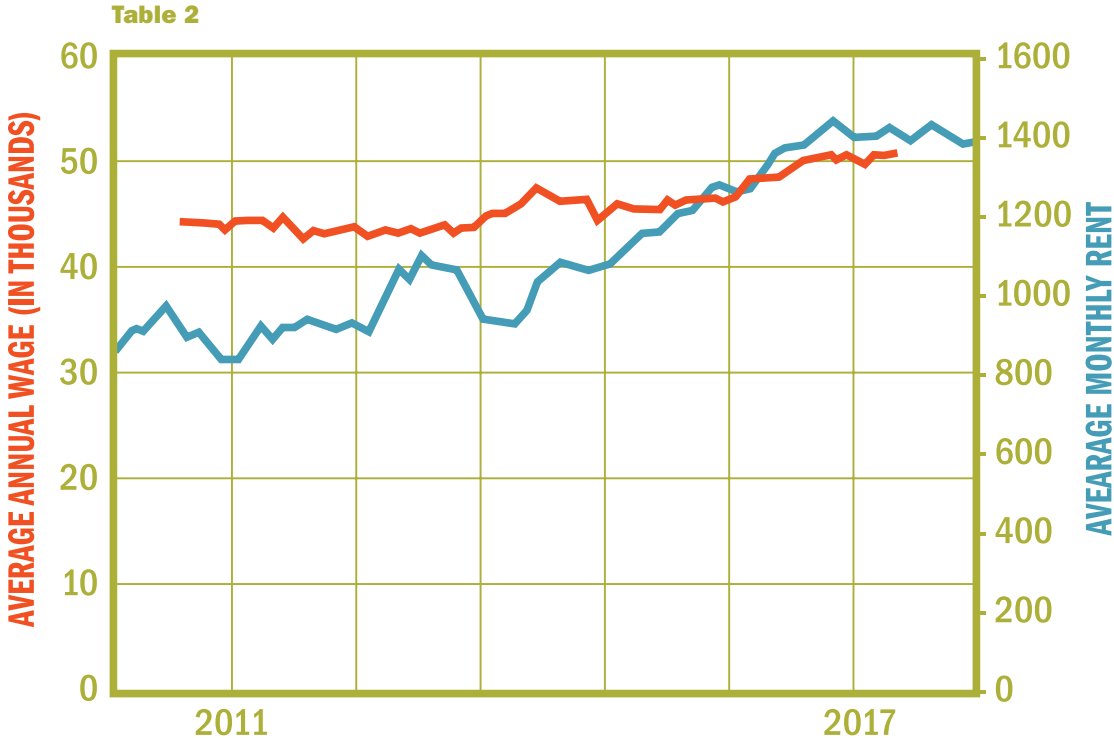
Job Classification	Jobs 2010	Jobs 2016	% Increase	Median Hourly Wage (2016)
Security guards	5,620	8,100	44.1	\$11.98
Combined food prep & serving workers	15,690	22,400	42.8	\$9.02
Waiters & waitresses	14,220	17,180	20.8	\$8.78
Janitors, cleaners (except maids and household cleaners)	4,820	7,660	58.9	\$10.53
Personal care aides	2,690	4,400	63.6	\$8.98
Cashiers	15,840	18,630	17.6	\$9.23
Retail salesperson	24,170	28,970	19.8	\$10.87
Customer service representative	17,280	22,450	29.9	\$15.11
Hotel, motel & resort desk clerks	1,250	1,670	33.6	\$10.28
Stock clerks & order fillers	12,960	16,220	25.2	\$11.67
Taxi drivers & chauffeurs	600	810	35.0	\$11.74
TOTAL	115,140	148,490	29.0	

About 35% of all jobs in the Nashville region are in sectors where the median wage is less than \$15 per hour.

Source: Bureau of Labor Statistics, Occupational Employment Statistics, Nashville MSA 2010, 2016.

Table 2 shows trends in wages and rent in Davidson County from 2011 through 2017. The average annual wage (which tends to be higher than the median wage) has risen slightly over the last 6 years; however, the slope of the increase in the average monthly rent is noticeably steeper.

Since 2011, rents have risen roughly 64% while average annual wages have grown by only 14%.



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WHO CAN “AFFORD” TO LIVE IN NASHVILLE?

So far, we have presented many numbers and statistics to illustrate Nashville’s housing crisis. Now, we would like to introduce some Nashville residents who are experiencing this crisis firsthand. These stories highlight the negative impact of Nashville’s high housing costs on the prosperity and well-being of ordinary people and their families. How can we work to change this narrative and create a more inclusive city?

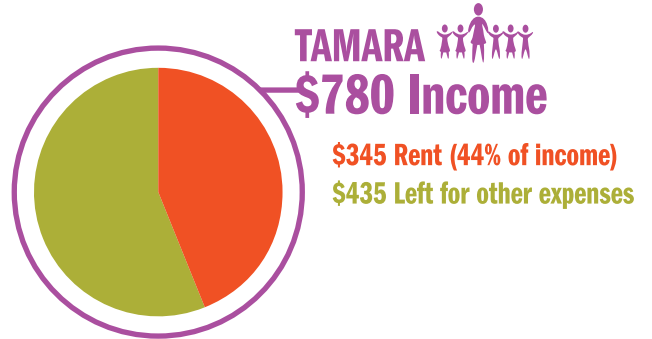
The following stories are based upon real experiences reported by residents in the Nashville area:

TAMARA

Tamara works for a healthcare services company. She makes about \$780 per month or \$9,360 per year. She works part-time because she can’t afford child care for her five kids. Tamara and her children live in public housing, where she pays \$345 per month in rent (44% of her income).

Tamara’s seven-year-old son has autism, so it’s especially important to take care of him at home. When she can get family to help with childcare, she asks her employer for more hours, but the help never lasts long. Tamara doesn’t get any benefits at her job, so when she had a sinus infection, the ER was her best option for care. Tamara missed a few days of work as she racked up the medical bills, so she couldn’t pay her next month’s rent on time. Fearing eviction, Tamara started to look at other housing options. She realized that public housing was the only place where she could afford to live on her income. With nowhere else to go, she was especially worried about how her autistic son would react to the change. His challenges and needs make it unrealistic for Tamara to stay with friends or family, so her only other choice would be a shelter.

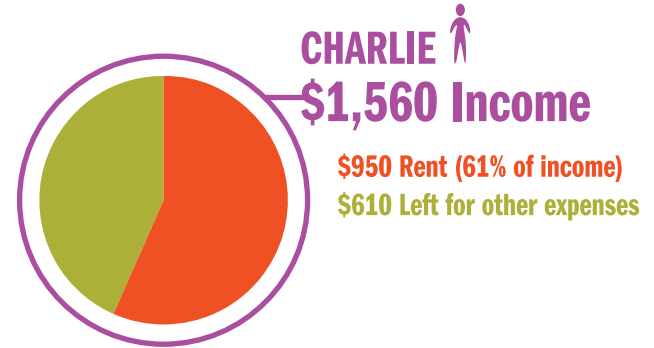
Thankfully, a local organization provided Tamara with the rental assistance she needed. However, Tamara continues to worry about what will happen if she or her children experience another emergency.



CHARLIE

At age 47, Charlie is a single man who works full-time as a line cook, making around \$1,560 per month. His apartment complex was sold to new owners who doubled the rent, forcing him out. He struggled to find another place where he could afford the rent. Although he had a steady job, Charlie became homeless, staying with friends or in cheap motels for two months before an affordable apartment became available. Still, he pays \$950 per month in rent (61% of his income), and also must pay for utilities and food.

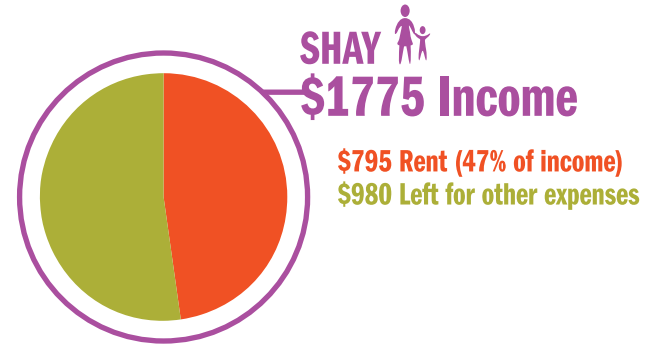
Charlie couldn't come up with the \$250 utility deposit required by NES, so he took out a flex-loan with 297.50% interest. He still hasn't been able to pay off the flex loan balance. The loan payments now cut into his food budget. He gets less than \$100 in food stamps each month and says that he's very anxious about becoming homeless again.



SHAY

Shay works for a payment processing company where she makes about \$1,775 per month. She has an apartment in Madison that costs \$795 to rent (47% of her income), and spends \$400 per month on daycare for her 6-month-old daughter. After she pays for food, insurance, and the car that she uses to get to work, there's not a lot left over. She carefully stretches her budget, but any unexpected cost can create huge challenges.

Recently, Shay's little girl had a double ear infection. For three days, her fever kept her out of daycare. Shay receives time off, but because she's an hourly employee, she doesn't get paid for it. After missing three days' pay, Shay's lights were disconnected. She had to repay her entire balance plus a \$36 reconnection fee to get her electricity turned back on. This put her behind on rent. The apartment complex charged a \$79 late fee on the 6th, then a \$127 warrant fee to start the eviction process on the 20th. Two local agencies teamed up to keep Shay and her baby girl in their home, but she remains frustrated that even though she works full-time, she still lives on the brink of homelessness.



CONCLUSION

The fight for affordable housing is a fight for a flourishing Nashville. The work to fund, create and preserve affordable housing is not a liberal or conservative issue. It is not a concern relevant only to a small subset of people. It is about making sure that the hotel workers, the cooks, the security guards, the teachers, the nurses, the construction workers, and countless others who make our city tick have a place in its future. As we grow, we must work with our neighbors, local organizations, developers and elected officials to ensure that our tax dollars and our land are used for development that benefits everyone, not just tourists and those with relatively higher incomes.

We hope that this pamphlet has demonstrated the scale and urgency of Nashville's housing crisis and clarified what policy-makers mean when they talk about "affordable housing." While these official definitions may not fully align with your own understanding of true affordability, they do provide a framework that our communities can advocate from. We encourage you to speak to your council members, show up at zoning hearings in your neighborhood and get involved with local groups that are organizing for development that doesn't displace. If you are facing displacement yourself or would like more information on how you can join the fight for more equitable housing, check out the resource list below.

Resources



web: www.nashville.gov/Human-Relations-Commission.aspx
email: mhrc@nashville.gov
phone: 615-880-3370



web: www.homesforallnashville.org
email: info@homesforallnashville.org



web: www.needlink.org
phone: 615-269-6835



web: www.opentablenashville.org
email: info@opentablenashville.org
phone: 615-415-0141



web: www.las.org
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