

Affordability and Defining it for your Co-op

Cooperatives often include affordability in their mission and strive to maintain it. Members in the cooperative will all have different expectations and ideas of what this means when entering the cooperative. Talking about affordability and defining it for your cooperative will help clarify member expectations and long-term planning for your cooperative.

Af·ford·a·bil·i·ty

/əfôrdə'bilədē/

noun

1. **ability to be afforded; inexpensiveness.**
"the rapid spread and increasing affordability of wireless communication"
2. **the cost or price of something.**
"they arrived at their conclusion by comparing the affordability of houses with average historical levels"

Defining Affordability for your Co-op

Does your co-op define affordability, and if so how?

Does your co-op offer or measure affordability in ways other than money?

Members contribute to and benefit from the co-op in non-financial ways. The co-op should recognize that time or energy commitments to the cooperative may keep members out of housing that would otherwise be affordable to them.

What agreements or disagreements come up around affordability?

Do you track member incomes?

Do you compare your rent prices with other nearby housing?

Do you have goals to meet affordability metrics to provide low-income housing?

What tools can co-ops use to increase affordability? Does your co-op use methods not listed below?

- Fully furnished and equipped living spaces, kitchens, and/or shared tools, amenities
- Food plans (bulk food, growing food, free food programs)
- Located conveniently for transit, campus, or work
- Member labor (this can range from minor savings to major savings depending on the amount of labor)
- Energy efficiency
- Scaling up (more units can = less rent)
- Taking advantage of tax incentives or grant funding
- In kind donations or pro bono work from professionals that work with the co-op
- Sliding scale rent or income-based rent
- Payment plans

Is your co-op's affordable housing meant to serve a specific population, and if so how have you adapted affordability for their needs?



Existing Affordable Housing Definitions in the “Affordable Housing” World

Specific Definitions for many of these concepts already exist within local laws and in common usage by people in the affordable housing field. These will vary based on whether you are based in the US or in Canada.

Affordable housing

Affordable housing is housing that is deemed affordable to those with a median household income or below as rated by the national government or a local government by a recognized housing affordability index.

Household

A group of related and financially interdependent people. This may be one independent human, a family who lives together, or a family where dependent children live separately. A rule of thumb is whether you file taxes together you are a household. Most group housing co-ops have many one-person households by this definition.

Rent-burdened (USA) - Also called “cost-burdened”

A household that spends more than 30% of their income on rent.

In Core Housing Need (Canada)

A household that cannot afford acceptable housing on 30% or less of income, with “acceptable” housing defined by the condition and size of the housing.

Market Rent Rates

[“Fair Market” Rents \(USA - Defined by Dept of Housing and Urban Development, HUD\)](#)

How to find what Fair Market Rents are for your co-op (defined by HUD):

- Select your metro area or state/county, then
 - If you live in a shared house renting out rooms, use 75% of the “Efficiency” rate.
 - If you are an apartment co-op, compare rents for the right number of bedrooms.
- Consider using the “small area fair market rents” to get this figure at the Zip Code level.

[Average “Social and Affordable” Rents \(Canada - Defined by Canada Mortgage and Housing Corporation\)](#)

How to

Select Social and affordable housing and download the spreadsheet for the most recent year. Tables for average rent by province or city centre. Then by rooms.



[Area Median Income \(USA - tracked by HUD\)](#)

This is often shortened to AMI. Half of all households will earn more than this amount, and half will earn less. This median is used to define who is “low income” (less than 80% of AMI), “very low income” (less than 50%), or “extremely low income” (less than 30%). This AMI is calculated for households of different sizes. Generally, you will be using individual incomes with households of one.

[Median Family Income \(Canada - Tracked by Statistics Canada\)](#)

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