



WHAT IS

AFFORDABLE HOUSING

Affordable housing, as defined by the U.S. Department of Housing and Urban Development (HUD), is housing, including utilities, that costs no more than 30% of the household's gross income. This threshold is considered crucial because an exceeding 30% can leave individuals and families without enough income left over for other essential needs, such as food, healthcare, transportation, and education.

What does this look like for the State of Idaho? According to the U.S. Bureau of Labor Statistics, the average pay in 2023 for a construction laborer in the State of Idaho was \$19.53 per hour.¹ Working full-time (40 hours per week, year-round), that equates to an annual salary of \$37,498. Based on the HUD guidelines, affordable housing costs for this worker should be no more than \$937 per month or \$11,244 per year. However, in 2023, the median rent for the state was \$1,114 per month. 2024 data shows that Idaho's average utility cost is \$499 a month.² This brings the total monthly housing and utility expense to \$1,613, or \$19,356 per year – well above the affordability threshold.

High housing costs don't just affect renters – they also impact those hoping to buy a home and even households with mortgages. Rising home prices and interest rates can make it difficult for potential homeowners to qualify for a mortgage, let alone affordable monthly payments. For those who already own a home, unexpected life events – such as divorce, job loss, or the loss of a second income – can create financial instability. As household income decreases, the burden of mortgage payments, property taxes, utilities, and maintenance costs can become overwhelming. Homeowners on fixed incomes can face burdensome tax increases as well.

Why is affordable housing important?

¹ https://www.bls.gov/oes/2023/may/oes_id.htm

² <https://www.move.org/utility-bills-101/>

A wide range of organizations, such as United Way and Habitat for Humanity, have emphasized the critical need to address affordable housing in both urban and rural communities. Numerous reports highlight how housing affordability impacts economic stability, workforce development, and overall quality of life.

It is also important to recognize that un-affordable housing is not a new issue in the U.S. HUD traces its roots back to the early 1930s, when federal programs were established to construct and finance housing developments during the Great Depression.³ Over the decades, federal governments have introduced different forms of federal assistance for low-income families, shaping policies to meet changing economic and social needs. However, the responsibility of ensuring affordable housing does not rest solely with the federal government. Local municipalities play a vital role in supporting these initiatives by fostering policies that encourage affordable housing development. Through zoning, incentives for developers, and strategic land use planning, local governments can create opportunities for more affordable homes to be built, helping to ensure that housing remains accessible to all members of the community.

The [data shows](#) that for many residents in the Treasure Valley the cost of housing and utilities often exceeds what is considered affordable. The gap forces many households to make tough financial decisions, impacting on their overall well-being. Addressing this issue requires a closer look at housing costs, wages, and policies that support affordability, ensuring that more people have access to stable and reasonably priced housing. Finally, where does transportation fit into the equation? Earlier we spoke of the cost of utilities that are essential for living in a home. However, transportation is another significant expense that impacts overall affordability. While HUD does not include transportation in its definition of cost of living, the U.S. Department of Transportation reports that the average annual transportation expenditure for a household was \$12,295 in 2023.⁴ In another COMPASS resource page, we will discuss the *Housing and Transportation Index (H+T)*, which discusses the costs of transportation and how that impacts the cost of living. Transportation costs are the second-largest expense for Americans and average 15% of household income.⁵ Thus, the H + T index suggests that households should be spending no more than 15% of their annual income on transportation costs. Lower transportation costs could free up more spending for housing.

³ https://nlihc.org/sites/default/files/Sec1.03_Historical-Overview_2015.pdf

⁴ <https://itdp.org/2024/01/24/high-cost-transportation-united-states/#:~:text=How%20Much%20Do%20Americans%20Pay,had%20three%20or%20more%20vehicles.>

⁵ [https://www.bts.gov/data-spotlight/household-cost-transportation-it-affordable#:~:text=In%202022%2C%20transportation%20was%20the,of%20less%20than%20roughly%20\\$25%2C000.](https://www.bts.gov/data-spotlight/household-cost-transportation-it-affordable#:~:text=In%202022%2C%20transportation%20was%20the,of%20less%20than%20roughly%20$25%2C000.)

Recognizing the importance of this relationship, the Community Planning Association of Southwest Idaho (COMPASS) developed the [Regional Housing Coordination Plan](#) in 2023. This plan provides a clearer understanding of how housing and transportation intersect, as well as estimates the region’s housing “underproduction,” helping policymakers and planners anticipate future housing needs and make informed decisions.

COMPASS Resources

[Education Series Slides - Housing Market Fundamentals Education Series Slides - Development 101](#)

[Education Series Slides - It's Not Your Parent's Housing Market](#)

[In Motion Podcast - Housing Market Fundamentals 1 and 2](#)

Listen

[The US Affordability Crisis, Explained - Bloomberg Big Take](#)

Read

[Housing Affordability Index - National Association of Realtors](#)

[City of Boise- Housing Needs Analysis](#)

[City of Ketchum - Housing Action Plan](#)

- [Project Ketchum - Housing Matters](#)

[Teton Valley Housing](#)

[Olympia, WA - Affordable Housing Types](#)

[Enterprise - Impact of Affordable Housing on Families and Communities](#)

[National Low Income Housing Coalition - Why Do Affordable Homes Matter?](#)

[National Low Income Housing Coalition - A Brief Historical Overview of Affordable Rental Housing](#)

[Planetizen - What is Affordable Housing?](#)

[Planetizen - The Right to the City](#)

[United Way - 5 Ways Whole Communities Can Benefit from Affordable Housing](#)

Interact

[National Low Income Housing Coalition - High Cost of Housing](#)

[American Planning Association - Housing Supply Accelerator Playbook](#)

[Capitol Region - Housing Indicator Tool](#)

[Center for Neighborhood Technologies - H+T Index](#)

In the News

[Boise - Permanent Supportive Housing](#)

[Boise - Tiny Home Pilot Program](#)

[Idaho - Losing Rent Caps, Low-Income Housing Tax Credits](#)

[Coeur d'Alene - Seeking Housing Solutions](#)

[KTVB - Growing Idaho - Mountain Home](#)

[LEAP Housing](#)

[Idaho Policy Institute - Housing Analysis](#)

Assist

[Jesse Tree - Emergency Rental Assistance and Eviction Case Management - Ada and Canyon County](#)

[Idaho Housing and Finance Association](#)