

# LA THRIVES Big Table

## September 7, 2012

### SETTING THE STAGE

#### Housing Affordability

- Households with an income at **30% AMI** (Average Median Income) in Los Angeles County can afford a monthly payment of \$486, which is just at operating costs per unit per month. As such, **they can afford \$0 to support a conventional mortgage.**
- Households at **50% AMI** can afford a monthly payment of \$810, which is \$330 over operating costs, so they can afford to support **a conventional mortgage of \$58,000.**
- Households at **80% AMI** can afford a monthly payment of \$1,296, which is \$816 over operating costs, so they can afford to support **a conventional mortgage of \$144,000.**
- Households at **100% AMI** can support **a conventional mortgage of \$201,000.**
- Households at **120% AMI** can support **a conventional mortgage of \$258,000.**<sup>i</sup>

#### Transportation Affordability and Use

- A typical Los Angeles County household at 80% AMI spends **\$13,300** a year on transportation, or over **26%** of their income. By comparison a typical national household spends **19%** of their income on transportation.
- Households in the average Metro station area spend **\$11,200** a year on transportation, or **22%** of income for an 80% AMI Household.
- A **30% AMI** household in a typical LA County neighborhood would spend **69%** of their income on transportation. In a station area, this would drop to **57%**. In areas around downtown Los Angeles, transportation costs are the lowest at \$6,700 a year – and a family at 30% AMI would spend **34%** of their income on transportation.
- Countywide, 10% of commuters take transit or walk to work. But 20% of commuters earning less than \$15,000, and 17% of commuters earning less than \$25,000 per year take transit or walk to work.

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<sup>i</sup> Assumptions:

Average cost to develop typical market rate 2BR unit is about \$200,000 to \$250,000 plus land; median income in LA County is \$64,800 for family of 4; operating costs for 2BR unit are \$480 per unit per month (\$5,750 per year); interest rates at 5.5%.