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## Commentary: Perceptions around affordable housing need to meet the moment

By Lisa Davis



Credit: Vistria Group

When The Vistria Group purchased Haven at Long Grove, it committed to keeping at least 50% of the apartments at rents that are affordable to families making less than 80% of area median income, writes Lisa Davis, a partner in real estate and head of asset management for Vistria.

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May 28, 2024 05:46 AM

The topic of affordable housing has made headlines in recent weeks with cities big and small grappling with how to confront the affordability crisis. A study from the Joint Center for Housing Studies at Harvard University finds that [housing in the United States remains unaffordable for over half of the nation's renters](#). Chicago mirrors this national challenge as substantial declines in the affordable housing supply have led to the [largest affordability gap](#) in at least a decade, according to the Institute for Housing Studies at DePaul University. To understand why, we need to understand the challenges and offer creative solutions.

First, affordable housing has a perception problem. It is often seen as negatively impacting a community, when in fact many times it has the opposite effect. For example,



communities often think that affordable housing lowers property values for surrounding housing. Data from New York University's Furman Center for Real Estate & Urban Policy [found](#) that affordable housing does not depress neighboring property values and may even raise them in some cases. Additionally, communities also [have misconceptions](#) about who needs affordable housing.

Typically, affordable housing is defined as a tenant paying no more than 30% of their income toward rent, with low and moderate income defined as earning below 80% of area median income. In Chicago, that is \$89,700 for a family of four. In many cities, this could be an annual salary for our teachers, first responders, entry-level employees and government workers. In fact, the [vast majority](#) of non-disabled, working-age residents of affordable housing work outside the home — they just don't make enough to afford a typical, non-subsidized apartment.

Second, in addition to improving housing and access to opportunity in low-income communities and affordable housing, we need to build and preserve affordable housing in neighborhoods that have strong public institutions that drive economic mobility. The opportunities here are both in ground-up development of more multifamily housing in these locations and also preserving affordability in existing multifamily housing.

The Vistria Group recently invested in one such

community in Naperville Township, Haven at Long Grove. It's directly across the street from three schools in the Indian Prairie School District, one of the best, not just in the state, but in the country. When The Vistria Group purchased Haven at Long Grove, it committed to keeping at least 50% of the apartments at rents that are affordable to families making less than 80% of area median income. The Vistria Group is continuing to work with DuPage County to increase the affordability for lower-income families as well. Affordable housing must exist in every community and

Lisa Davis, partner in real estate and head of asset management for The Vistria Group.

must create “access to opportunity” for residents at all levels of income and stages of life.

Lastly, to succeed, we need to encourage enduring collaboration. Most local governments are not real estate developers, but the policies they promulgate are essential to affordable housing creation and preservation. Because affordable housing is not synonymous with “cheap,” we need substantial funds to build and preserve this type of housing, whether through public financing programs or property tax abatements.

The Vistria Group recently invested in such a project in New York City, which will result in the preservation and physical improvement of 1,700 apartments through a partnership with the New York City Housing Authority. Along with the physical improvements, resident programming tailored to the needs of each building will connect community members to opportunity. As investors, The Vistria Group believes that private capital, local governments and responsible property owners can create more sustainable opportunities for affordable housing that meets the needs of current residents and future generations.

However, let's be clear: The Vistria Group's affordable housing investments make up a small fraction of the larger housing landscape. Business leaders, investors, nonprofits and government need to work together to preserve and create millions more units across the nation. So, let's partner together to meet the moment by changing the perceptions of affordable housing, driving economic mobility and creating lasting collaboration, to build both our local and national economy today — and for future generations.

*Lisa Davis is a partner in real estate and head of asset management for The Vistria Group. Vistria is a sponsor of Crain's Forum.*

By Lisa Davis

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