



September 19, 2016

To **HB 4079 Rulemaking Advisory Committee (RAC)**  
CC **Gordon Howard & Dan Eisenbeis, DLCD**  
From **Nick Meltzer, Sadie DiNatale, Bob Parker & Rebecca Lewis**  
SUBJECT **DEFINITIONS OF “AFFORDABLE HOUSING”**

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The University of Oregon is conducting research to support the rulemaking process mandated by House Bill (HB) 4079. HB 4079 directs the Land Conservation and Development Commission to establish a pilot program in which local governments may site and develop affordable housing. This memorandum focuses on a specific provision in section 5(1) of HB 4079:

“the Land Conservation and Development Commission shall, by rule:

- (a) Define “affordable housing”;

This is a critical component of the rule because it will presumably establish thresholds for what constitutes “affordable” housing, which will in turn guide the process of identifying communities to participate in the pilot program. After initially providing a framework for how to think about affordable housing, DLCD requested a more specific focus on using commonly established definitions. This framework is now provided as an Appendix.

## EXISTING DEFINITIONS

Broadly, affordable housing can be defined as “a household’s ability to find housing within its financial means.”<sup>1</sup> The United States Department of Housing and Urban Development (HUD) offers a more specific, and ubiquitous definition of affordability for which many federal and state housing programs are based on. According to HUD’s glossary<sup>2</sup> available on their website:

**AFFORDABILITY:** the extent to which enough rental housing units of different costs can provide each renter household with a unit it can afford (based on the 30-percent-of-income standard).

**AFFORDABLE HOUSING:** In general, housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities. Please note that some jurisdictions may define affordable housing based on other, locally determined criteria, and that this definition is intended solely as an approximate guideline or general rule of thumb.

The 30% income threshold HUD refers to is commonly known as “cost burden.” In Oregon, according to the 2009-2013 American Community Survey (ACS), 37% of all households are cost burdened. While this threshold has become a standard for judging affordability, there is little discussion of how it originated. For this, Mary Schwartz and Ellen Wilson of the US Census Bureau provide an excellent synopsis in “Who

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<sup>1</sup> Definition taken from ECONorthwest, an Oregon based consulting firm with staff experts in housing issues

<sup>2</sup> Accessed electronically July 23, 2016 via [https://www.huduser.gov/portal/glossary/glossary\\_a.html](https://www.huduser.gov/portal/glossary/glossary_a.html)

Can Afford to Live in a Home? A look at data from the 2006 American Community Survey.” The history behind the threshold is reproduced below:

*The conventional 30 percent of household income that a household can devote to housing costs before the household is said to be “burdened” evolved from the United States National Housing Act of 1937. The National Housing Act of 1937 created the public housing program, a program that was designed to serve those “families in the lowest income group.” Income limits rather than maximum rents were established for family eligibility to live in public housing; that is, a tenant’s income could not exceed five to six times the rent. By 1940, income limits gave way to the maximum rent standard in which rent could not exceed 20 percent of income – in practice, the same as the predecessor income limit standard. The Housing Act of 1959 maintained maximum rents, but it also gave local public housing authorities more autonomy in establishing them. By 1969, the escalation of rents by public housing authorities struggling to meet spiraling operation and maintenance costs nearly nullified the purpose of the public housing program established in 1937 to serve the nation’s neediest. To reverse this, the Brooke Amendment (1969) to the 1968 Housing and Urban Development Act, established the rent threshold of 25 percent of family income; that is, a family would be required to pay one-quarter of its income in rent. By 1981, this threshold had been raised to 30 percent, which today remains the rent standard for most rental housing programs.*

Some other common definitions, including cost burden, used across HUD programs are reproduced below, along with some known limitations.

**Poverty level:** based on income and ability to afford a “bundle of goods”

- Does not consider housing

**Low and very-low-income:** HUD defines households as “low-income” if total household income is 80 percent or less of the median area income of the area, and as “very low-income” if household income is 50 percent or less of the median.

- Does not consider accumulated assets

**Cost burden:** the total amount a household spends on housing is referred to as cost burden. Households paying more than 30 percent of their income on housing experience “cost burden,” and households paying more than 50 percent of their income on housing experience “severe cost burden.”

- Does not differentiate by income

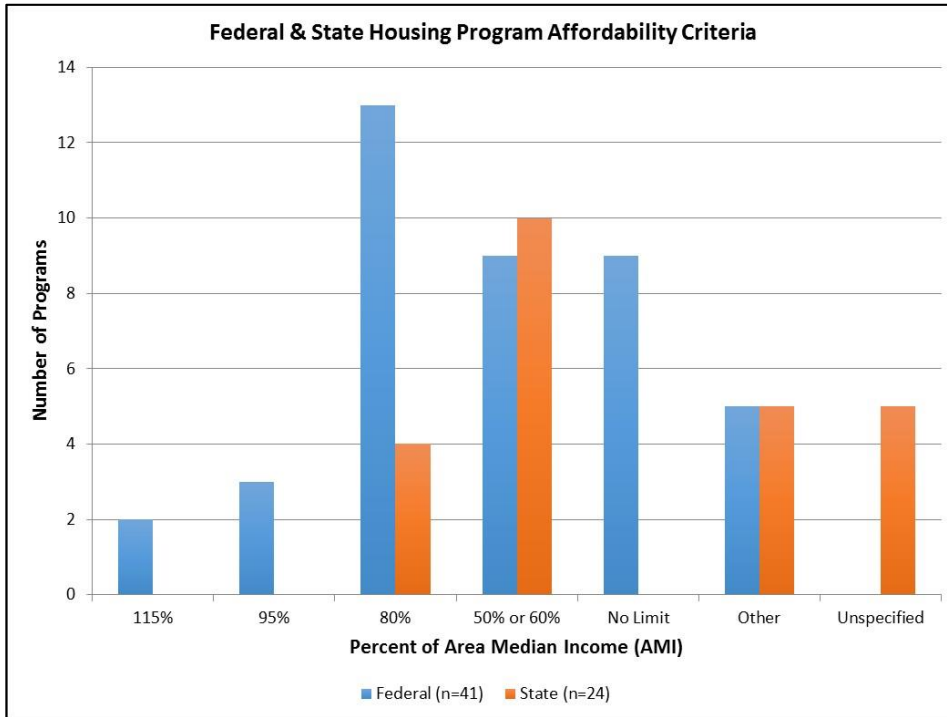
Using these definitions as a baseline, the research team examined how broadly they are used across various housing programs.

## Utilization Across Programs

The research team examined federal and state housing programs to determine how their definitions of affordability aligned with HUDs. While HUD does not specify what income level (i.e. percentage of Area Median Income, or AMI) their threshold applies to, many of the individual housing programs they administer do. Collectively, the team found 41 federal and 24 state housing affordability programs with

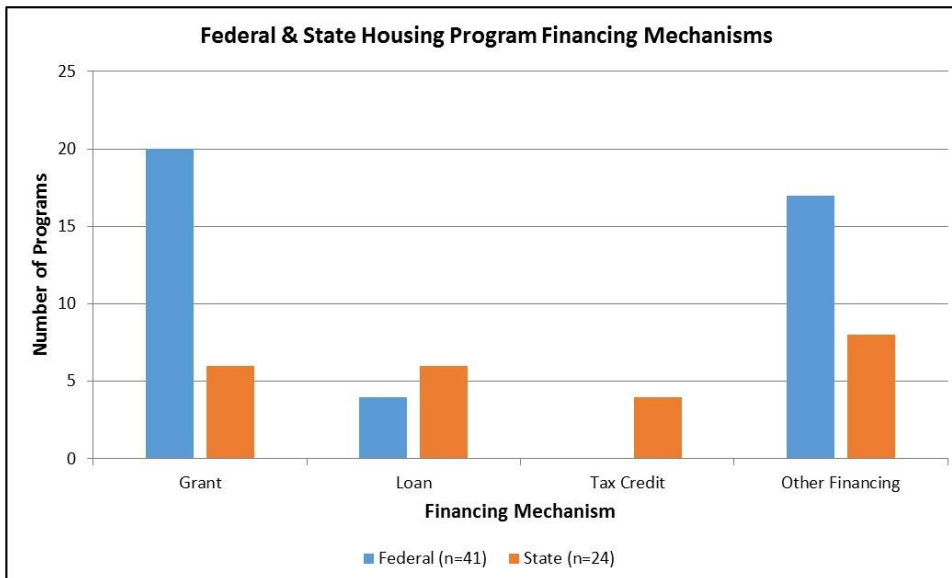
varying affordability thresholds (Figure 1). We loosely grouped these programs into three categories: loans, grants and tax credits (Figure 2). A full list of programs is provided in Appendix E.

**Figure 1. Federal and State Housing Affordability Program Thresholds**



Source: University of Oregon Community Service Center

**Figure 2. Federal and State Housing Program Financing Mechanisms**



Source: University of Oregon Community Service Center

## Federal Programs

Federal programs that target affordable housing are facilitated by the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture (USDA). Both agencies use the same thresholds for very low-income and low-income households: at or below 50% AMI and at or below 80% AMI respectively. Some HUD programs also target extremely low-income households (at or below 30% AMI) and households experiencing homelessness or housing instability. Both USDA and HUD programs target housing at moderate income households but definitions for this vary. HUD defines moderate income as at or below 95% AMI, while USDA defined moderate income as at or below 115% AMI, or less than \$5,500 above 80% AMI.

Most USDA programs, including programs targeted at both rental and ownership units, prioritize very low-income households (at or below 50% AMI). HUD programs targeting ownership are more likely to target funding at supporting moderate income households or have no income limit, although quite a few ownership programs target low-income households (note: these programs target households, not the development of housing). The Homeownership Voucher Program is one major exception, because it targets households that have previously been participants in the Section 8 Housing Choice Voucher program (rental assistance for extremely low-income and very low-income households). HUD programs targeting rental units are more likely to prioritize supporting extremely low-income, very low-income or low-income households. The main sources of support for rental housing, Section 8 programs including the Housing Choice Voucher program and Project-Based Rental Assistance, target families at or below 50% AMI (very low-income) often with priority given to families at or below 30% AMI. The Choice Neighborhoods program is a HUD program that specifically targets mixed-income housing, although no thresholds for eligibility are clearly determined at the federal level.

## State Programs

Oregon Housing and Community Services (OHCS) uses a definition similar to the federal definition as noted in the 2016-2020 Consolidated Plan, a five-year housing and community development plan required by HUD. The executive summary states:

*“For housing to be considered affordable, a household should pay up to one-third of their income towards rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities.”<sup>3</sup>*

State housing programs are administered through Oregon Housing and Community Services (OHCS). OHCS uses affordability thresholds that coincide with HUD’s. These thresholds are at or below 50% AMI for very low-income individuals/households and at or below 80% AMI for low-income individuals/households. For programs targeting individuals/households in need of emergency housing assistance, a 30% AMI threshold (extremely low-income) is used. A majority of State housing programs target low-income individuals and households (at or below 80% AMI).

The question then becomes “why should any alternative definition be considered?” And for this we have two answers: Oregon is facing an “affordability” crisis as evidenced by numerous news articles, public sentiment, and the requirements of this bill; and, we have reliable research demonstrating this widely

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<sup>3</sup> Oregon’s 2016-2020 Consolidated Plan, Published July 2016, accessed electronically via <http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan.pdf>. Note that this document uses 1/3 (33.33%) instead of 30% to describe affordability.

used definition of affordability has some inherent flaws. We address the critiques in the following section, and offer alternative measures of affordability in the Appendix.

## CRITIQUE OF COMMON USE

Dr. Gary Pivo of the University of Arizona explores critiques<sup>4</sup> of the use of the 30% income threshold to define housing affordability. Pivo's summary of the critiques:

1. *Shelter Poverty Critique*, coined by Stone (1993)<sup>5</sup>, states that lower income households may not be able to sufficiently take care of their basic needs for food, transportation, healthcare, childcare, and other non-housing related expenses while paying 30% of their income on housing. This critique claims that households unable to afford living essentials are unable to do so because their housing is too expensive, but because their income is too low. Thus, for these households, it is unreasonable to expect them to spend 30% of their income on housing and get their other needs met; thus the 30% threshold is placed too high.
2. *Area Affordability Critique*, laid claim by Fisher et al (2009)<sup>6</sup>, explains that the 30% income threshold ignores cost differences associated with neighborhood quality and accessibility. As opportunities vary by location (e.g. access to jobs, amenities, quality schools, lower crime rates, less exposure to environmental hazards, etc.) the 30% threshold is inadequately positioned.
3. *Housing Conditions Critique*, brought forward by O'Dell et al (2004)<sup>7</sup>, explains that the 30% income threshold ignores the realities of housing conditions (physical and structural). Lower income families, whose housing may be less structurally or physically intact, have an unmeasured financial burden when it comes to housing affordability.

Studies to test these critiques show mixed results. Evidence supporting the Shelter Poverty critique is substantiated in some cases, but the results depend on the method used to estimate non-housing expenses, whether an area has subsidy programs, or whether lower income families have access to jobs offering livable wages. Still, the possibility that the 30% income threshold inadequately considers non-housing related expenses is very real. Research on Area Affordability suggests that the 30% income threshold does not take certain "hidden costs" into consideration. For instance, financial costs accrued from longer commutes or social costs accrued in areas with higher crime rates or lower quality schools are not measured when calculating for housing affordability. In consideration of the housing conditions critique, research does not support the idea that housing affordability is being negated by physical conditions. An empirical study was conducted in which researchers collected data on 40,891 multi-family units owned by Fannie Mae (excluding student and senior housing), and compared 4,025 "targeted" to long term affordability (defined by percentages of AMI), with non-targeted (i.e. no income restrictions) units. Researchers explain that targeted properties were of lower median age than non-targeted properties and were frequently audited by governments to ensure their condition.

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<sup>4</sup> Pivo, Gary (2013), *The Definition of Affordable Housing: Concerns and Related Evidence*, University of Arizona, Tucson, AZ.

<sup>5</sup> Stone, ME (1993), *Shelter Poverty: New Ideas on Housing Affordability*, Temple University Press, Philadelphia, PA.

<sup>6</sup> Fischer LM, Pollakowski HO and Zabel J (2009), *Amenity-Based Housing Affordability Indexes*, *Real Estate Economics* 37 (4), 705-746.

<sup>7</sup> O'Dell, WO, Smith M and White D (2004), *Weaknesses in Current Measures of Housing Needs*, *Housing and Society* 31(1), 29-40.

Ultimately, while more evaluation is necessary, relying entirely on the 30% income threshold should not be done complacently.

## **OTHER MEASURES OF AFFORDABILITY**

Based on our research, it is clear that the 30% of income threshold is the dominant definition (i.e. measure) of “affordable” used in the housing sector. Recognizing that this definition is extensively used, but has limitations, we researched alternative definitions for RAC consideration, which can be found in Appendix B. As we researched these alternatives, their ability to be used in practice became a pertinent issue. While the entire list of alternative measures can be found in the appendix, in this memo we include two of the more robust measures and discuss limitations of these measures. We also summarize the definition included in SB 1533 (2016).

### **Residual Income (aka Shelter Poverty)**

Residual Income is a concept championed by the late Dr. Michael Stone of the University of Massachusetts Boston in 2011. The basic principle behind this approach defines affordability based on whether a household has enough money left to pay for non-housing needs (goods and services such as food, childcare, transportation costs, etc.) at a basic level of adequacy after paying for housing. In this sense, the cost of goods and services for family units of different sizes is accounted for, and then whatever left is attributed to housing and deemed “affordable.” Dr. Gary Pivo looked at this in Pima County, Arizona for households at varying levels of low-income—30%, 50%, 60% and 80% of area median income. Subtracting the cost of goods and services from the monthly income limit at these thresholds, he found the residual income (also known as Shelter Poverty threshold) was between 17.9% and 25.1%. From Dr. Pivo’s article the term “Shelter Poverty was coined by Stone (1993) to describe the situation where households that pay 30% of their income for housing are left with too little money to meet their essential needs.” In essence, even these households may be paying an “affordable” amount for their housing; they are still living in poverty, and with so little income, are left to choose between rent and buying food, paying bills, etc.

**Limitations:** While the residual income measure may be more equitable for households across the income spectrum, implementing it would require large amounts of data from multiple agencies. In Dr. Pivo’s research, many of the essential household costs were estimated based on regional assumptions. This included costs of childcare, food (including federal assistance), transportation, and available tax credits. To do this at a state level would be burdensome and potentially unfair depending on what part of the state the household is in. Further, this information would have to be updated on a regular basis, which could become even more burdensome for state or local agencies.

### **The Housing and Transportation Affordability Index (H+T Index)**

The H+T Index was originally developed for the Minneapolis-St. Paul area as part of a project under the Brookings Institution’s Urban Markets Initiative. It is now housed under the nonprofit research and advocacy organization the Center for Neighborhood Technology (CNT) and has mapped 917 metropolitan and metropolitan areas covering 94% of the population of the United States (see <http://htaindex.cnt.org/>). By using a variety of factors to calculate the transportation costs at a census block level, these figures are then added to the median housing costs, again by census block, for both renters and homeowners. In conjunction, the threshold for affordability is raised to 45% of income.

The CNT claims without the H+T index, 55% of neighborhoods (Census Tracts) across the United States are deemed affordable using housing costs and an affordability threshold of 30%. When transportation costs are accounted for and an affordability threshold of 45% is used, the number of “affordable” neighborhoods drops to 26% of the neighborhoods in the United States. Put another way, when transportation costs are factored in, approximately 87 million people no longer have access to affordable housing.<sup>8</sup>

Numerous cities, states and regions have used the H+T Index in practice. El Paso, Texas uses it to define affordable housing (using a threshold of 50% of household income for housing and transportation costs). A nonprofit in Santa Fe, NM is showing prospective homebuyers how to use it to help them decide where to live. And the State of Illinois has adopted it into law as a planning tool for five agencies to use in screening and prioritizing investments in metro areas.

**Limitations:** The H+T Index, like many of the other measures identified, is a passive measure. This means that while the “affordability” of a city or neighborhood can be tracked, it would be more difficult to set a threshold cost at which housing should be provided. It provides data down to a census block level, and has developed a comprehensive algorithm to calculate the mix of housing and transportation costs. It is automatically updated, and would not require significant effort by any state agency.

## Oregon Inclusionary Zoning Bill (Senate Bill 1533)

Senate Bill 1533, passed in the 2016 Oregon legislative session, lifted the 17-year ban on inclusionary zoning codified as ORS 197.309. Inclusionary zoning is a practice where developers must include a certain percentage of “affordable” units in any newly constructed multi-family building. In Oregon, the bill enabled cities to require that any new construction over 20 units have up to 20 percent of those units listed as “affordable.” In this case, “affordable” means the conventional 30% of income for households with incomes equal to or lower than 80 percent of the median family income for the county in which the housing is built. The bill also required a number of other provisions, including an in-lieu fee for developers to pay if they choose not to include affordable units, and the option to voluntarily set the threshold at 60% of median family income.

**Limitations:** SB 1533 sets the income limit at 80% of median family income (MFI), which is the HUD threshold for “Low-income.” While this is a good step, the bill still utilizes a housing costs threshold of 30% of income, which has the same limitations as described above.

## DISCUSSION

A key consideration for the RAC is one of simplicity. The definition has to be understandable, measurable and within easy means of jurisdictions that might be interested in the pilot program. Further, the old adage “if it isn’t broken, don’t fix it,” can ring true. The 30% of income threshold is the ubiquitous standard used in the housing sector and many funding programs may require adherence to this standard. For the purpose of this project, DLCD supports using the term “affordable” to broadly mean housing provided for households at a specified income level where they pay no more than 30% of their income towards essential living expenses.

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<sup>8</sup> Using a United States population of 319 million people, and accounting for 94% of the population covered under the H+T Index, 87 million people is 29% (55% minus 26%) of the remainder.

As SB 1533 set a precedent of affordability as households making up to 80% of median family income, the RAC has a solid start to defining affordability. The 80% threshold is popular across federal programs, as illustrated in Figure 1. Federal and State Housing Affordability Program ThresholdsFigure 1, and aligns with data we've collected on cost burden across Oregon. Appendix E conveys cost burden by income group, by tenure for various income categories. Across regions, we found 76% of all renter households under 80% AMI are cost burdened while 53% of own households under 80% AMI are cost burdened. Keeping this in mind, we would recommend the RAC discuss the following questions at the September meeting:

1. Do you think the 30% of income threshold for affordability makes the most sense to use?
2. At what level of median family income should it be applied?
3. Should 80% be used as the threshold, consistent with other government programs, and the distribution of cost burden within the state?

While OHCS has identified regions for the State Housing Plan, it should be noted median family income data is not available at the same geographic scale. This information, collected and reported by HUD, is available at the metropolitan statistical area level (MSA) and county level. To get a better idea of how median family income varies across the state, we have included the most recent HUD values for the state, sorted by MSA and county.

## **APPENDICES**

The following Appendices provide more detailed information on this subject:

Appendix A: Discussion of Affordability Framework

Appendix B: Alternative Definitions of Affordability

Appendix C: HUD Income Limits for Oregon

Appendix D: Cost Burden By Region, Income and Tenure in Oregon

Appendix E: Federal and State Housing Affordability Programs



# APPENDIX A: DISCUSSION OF AFFORDABILITY FRAMEWORK

## Toward an Operational Definition of Affordability

Central to the idea of good public policy is determining how a policy will be put into effect. Because of this, the first part of any new law or policy is often a **definitions** section, which describes how the **concepts** of the policy will be implemented (i.e. **measured**). Because a specific concept can mean different things to different people it becomes important for lawmakers to operationalize them; they must define the process they will use to measure the concepts. Using the following policy example, we revisit the importance of definitional linkages in measurement.

Policy: the Transportation Planning Rule (OAR 660-012(5)) states “MPO areas shall adopt standards to demonstrate progress towards increasing transportation choices and reducing automobile reliance...”

We can now define the following terms<sup>9</sup>:

- **Concepts** are measured indirectly through **indicators** specified by **operational definitions** (in our example the concept is reducing automobile reliance)
- **Operational definitions** are statements that specify how a concept will be measured (our operational definition here is vehicle miles traveled)
- **Metrics** refer to things that can be measured directly and are linked to a concept through an operational definition (in our example, OAR 660-012(5) (D) VMT per capita is unlikely to increase by more than five percent).

The key concept in HB 4079 that our research addresses is “affordability.” The statute does not define how to measure affordability; instead it directs the Land Conservation and Development Commission to determine this. Absent an operational definition, one could identify many different measures of affordability. A logical starting point is the dictionary and common usage, which we explore in more detail below.

Merriam-Webster defines affordable<sup>10</sup> as: the adjective of the verb afford, whose simple definition is:

:to be able to pay for (something)

:to be able to do (something) without having problems or being seriously harmed

:to supply or provide (something needed or wanted) to someone

This definition has two implications. One, *something* is being paid for, and two, *someone* is paying for it. In order to put more bounds around this definition, we examine the definition of household, which Merriam-Webster defines as:

: the people in a family or other group that are living together in one house

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<sup>9</sup> Some of this language was generously taken from the HB 2254: Land Use Efficiency report

<sup>10</sup> The definitions of afford, house and household were accessed electronically July 23, 2016 via <http://www.merriam-webster.com/dictionary/>

As well as the definition of house:

: a building in which a family lives

Combining these, we can infer a general definition of affordable housing might be:

The people in a family or group are able to pay for a building in which the family lives, and to do so, without having problems or being seriously harmed.

However, as described above, if a new policy is to be implemented and be effective, it must have an operational definition, which can be measured. For this we look to the federal housing agency, the United States Department of Housing and Urban Development (HUD), which offers one in their glossary<sup>11</sup>:

**AFFORDABILITY:** the extent to which enough rental housing units of different costs can provide each renter household with a unit it can afford (based on the 30-percent-of-income standard).

**AFFORDABLE HOUSING:** In general, housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities. Please note that some jurisdictions may define affordable housing based on other, locally determined criteria, and that this definition is intended solely as an approximate guideline or general rule of thumb.

HUD gets closer to an operational definition using income to define the concept of affordability as related to housing, with a metric of 30% of household income (commonly known as “cost burden”). Since the metric is not explained any further, it becomes important to understand where it came from. For this, Mary Schwartz and Ellen Wilson of the US Census Bureau provide an excellent synopsis in “Who Can Afford to Live in a Home? A look at data from the 2006 American Community Survey.” A portion of which explains the history behind the threshold is reproduced below:

*The conventional 30 percent of household income that a household can devote to housing costs before the household is said to be “burdened” evolved from the United States National Housing Act of 1937. The National Housing Act of 1937 created the public housing program, a program that was designed to serve those “families in the lowest income group.” Income limits rather than maximum rents were established for family eligibility to live in public housing; that is, a tenant’s income could not exceed five to six times the rent. By 1940, income limits gave way to the maximum rent standard in which rent could not exceed 20 percent of income – in practice, the same as the predecessor income limit standard. The Housing Act of 1959 maintained maximum rents, but it also gave local public housing authorities more autonomy in establishing them. By 1969, the escalation of rents by public housing authorities struggling to meet spiraling operation and maintenance costs nearly nullified the purpose of the public housing program established in 1937 to serve the nation’s neediest. To reverse this, the Brooke Amendment (1969) to the 1968 Housing and Urban Development Act, established the rent threshold of 25 percent of family income; that is, a family would be required to pay one-quarter of its income in rent. By 1981, this threshold had been raised to 30 percent, which today remains the rent standard for most rental housing programs.*

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<sup>11</sup> Accessed electronically July 23, 2016 via [https://www.huduser.gov/portal/glossary/glossary\\_a.html](https://www.huduser.gov/portal/glossary/glossary_a.html)

At this point, we have an operational definition of a concept along with a specific metric. Our **concept** being eligibility for affordable housing, our **operational definition** becomes housing costs including utilities, and our **metric** is 30% of gross income.

As we infer using the Merriam-Webster definitions, affordable is not limited to a set of people with a specified income. However, over time “affordable housing” has to a large degree, become synonymous with “low-income housing.” ECONorthwest, an Oregon based consulting firm with staff experts in housing issues provides the following distinction between the two:

*Affordable housing refers to a household’s ability to find housing within its financial means. A number of indicators exist that can be used to determine whether housing is affordable. One indicator is cost burden: households that spend more than 30% of their income on housing and certain utilities are considered to experience cost burden. Any household that pays more than 30% experiences cost burden and does not have affordable housing. Thus, affordable housing applies to all households in the community.*

*Low-income housing refers to housing for “low-income” households. HUD considers a household low-income if it earns 80% or less of median family income. In short, low-income housing is targeted at households that earn 80% or less of median family income.*

*These definitions mean that any household can experience cost burden and that affordable housing applies to all households in an area. Low-income housing targets low-income households. In other words, a community can have a housing affordability problem that does not include only low- income households. Many (maybe most) households that experience cost burden are composed of people who have jobs and are otherwise productive members of society.<sup>12</sup>*

This is an important distinction to make for this the purposes of this project. “Affordability” issues can apply to a range of household incomes, and while they can more negatively impact households with lower income, one aspect to be discussed regarding the definition of affordability is what range, if any, of incomes does it apply to? Putting that aside for a moment, we will now focus on the prevalence of its use across various organizations and later explore additional critiques of the using the 30% threshold.

## **Separating Affordability and Low-income**

Many cities distinguish between “low-income” housing and “affordable” housing in how they develop solutions for those respective populations. To address affordability issues (which can impact a much broader range of people than just those identified as low-income), cities take a broader policy approach—reducing parking minimums, allowing and incentivizing accessory dwelling units, and encouraging infill through their zoning regulations. All of these policies remove “regulatory barriers”

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<sup>12</sup> Taken from ECONorthwest’s *Framework for a Housing Needs Analysis*, an Appendix from the City of Newport Housing Needs analysis, 2011.

that let the market function more freely, giving developers more opportunities to construct housing at lower cost thresholds.<sup>13</sup>

These policy approaches, often initiated through a planning department at a city level, are separate from programs designed to provide specific assistance to low-income households, which are generally defined as those making less than 80% of the Area Median Income (AMI). Low-income programs are often administered at a state or county level (with the exception of larger cities), and assistance is generally offered in two ways: (1) through a voucher to help subsidize rent in a unit offered below market rate in an otherwise market rate building/neighborhood; or (2) through the construction of dedicated affordable (low-income) housing units. This is the most common example of affordable and low-income used interchangeably, and leads to the most confusion between the two definitions.

Further complicating the issue is that the monthly rent for low-income housing is often set at the “affordable” threshold. For example, housing would be constructed and only households making less than 80% of the area median income could qualify to live there, and if they do, they would in turn pay 30% of their income towards rent.

The construction of dedicated low-income housing is an expensive endeavor—because the payback period may be much longer than market rate housing. In some cases, an organization may never expect to get their full investment back. Generally, this means construction costs must be heavily subsidized by private donations or government grants. As any federal grant money comes with stipulations and HUD has defined affordable as 30% of gross income, there is little to no incentive for states to consider alternative definitions of the term.

We address the critiques in the memorandum, and offer alternative measures of affordability in the Appendix B.

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<sup>13</sup> The discussion of positive and negative impacts of regulation is a topic for another time. The point here is that significant evidence suggests regulation, broadly defined, increases the cost of home construction. If those regulations are relaxed, we can argue that rental and sales rates decrease, as developers do not need to cover as high costs.

## APPENDIX B: ALTERNATIVE DEFINITIONS OF AFFORDABILITY

Based on our research, it is clear that the 30% of income threshold is the dominant definition (i.e. measure) of “affordable” used in the housing sector. Recognizing that this definition is extensively used, but has limitations, we researched alternative definitions for RAC consideration. These alternative definitions address, area affordability, shelter poverty and housing condition concerns. Seven alternative measures are presented below; the first four can be applied at an individual level (i.e. is this house affordable to John Smith or not?), while the measures 5-7 are more applicable for a city or regional level (i.e. how affordable is housing in Lane County?)

### 1. Housing Affordability Index

The National Association of Realtors (NAR) developed a housing affordability index which measures whether a median-income family can earn enough to qualify for a mortgage loan on a median-priced, single-family home at the national and regional level. The measurement is based on monthly or quarterly home price and household income data. In addition, the index provides data of whether the family is over or under-qualified for the loan. While this index can be used in most housing markets, it is most effective for analyses done on a local level. Its limitation is that the index does not take into account several factors including mortgage interest, property taxes, insurance, utilities, housing quality, location, or neighborhood quality.

A similar concept to this, and perhaps easier to operationalize for eligibility, is known as value to income ratio. Value to income ratio looks at how much the median house costs in an area alongside the median household income. Historically, this ratio was consistently around 2.6 (i.e. a household would pay 2.6 times its annual income for an average home). To use this in practice, the cost of an “affordable” home could be set at 2.6 times a household’s income. Note that these measures pertain to ownership units.

### 2. Housing Wage

The National Low-Income Housing Coalition is a proponent of the Housing Wage index ([nlihc.org/library/wagecalc](http://nlihc.org/library/wagecalc)), a specific index for renters, which measures the hourly wage required to afford the Fair Market Rent in a given area. Limitations to this measurement include that it still uses HUD’s 30% of income threshold and does not include renter’s insurance.

### 3. The Housing and Transportation Affordability Index (H+T Index)

The H+T index was originally developed for the Minneapolis-St. Paul area as part of a project under the Brookings Institution’s Urban Markets Initiative. It is now housed under the nonprofit research and advocacy organization the Center for Neighborhood Technology (CNT) and has mapped 917 metropolitan and metropolitan areas covering 94% of the population of the United States (see <http://htaindex.cnt.org/>). By using a variety of factors to calculate the transportation costs at a census block level, these figures are then added to the median housing costs, again by census block, for both renters and homeowners. In conjunction, the threshold for affordability is raised to 45% of income.

The CNT claims without the H+T index, 55% of neighborhoods (Census Tracts) across the United States are deemed affordable using housing costs and an affordability threshold of 30%. When transportation costs are accounted for and an affordability threshold of 45% is used, the number of “affordable” neighborhoods drops to 26% of the neighborhoods United States. Put another way,

when transportation costs are factored in, approximately 87 million people no longer have access to affordable housing.<sup>14</sup>

Numerous cities, states and regions have used the H+T Index in practice. El Paso, Texas uses it to define affordable housing (using a threshold of 50% of household income for housing and transportation costs). A nonprofit in Santa Fe, NM is showing prospective homebuyers how to use it to help them decide where to live. And the State of Illinois has adopted it into law as a planning tool for five agencies to use in screening and prioritizing investments in metro areas.

#### **4. Residual Income (aka Shelter Poverty)**

Residual Income is a concept championed by the late Dr. Michael Stone of the University of Massachusetts Boston in 2011. The basic principle behind this approach defines affordability based on whether a household has enough money left to pay for non-housing needs (goods and services such as food, childcare, transportation costs, etc.) at a basic level of adequacy after paying for housing. In this sense, the cost of goods and services for family units of different sizes is accounted for, and then whatever left is attributed to housing and deemed “affordable.” Dr. Gary Pivo looked at this in Pima County, Arizona for households at varying levels of low-income and found the residual income (also known as Shelter Poverty threshold) was between 17.9% and 25.1%. This means that after accounting for other essential goods and service, households had only 18% and 25% of their income left for housing, compared with 30% commonly used in the housing sector.

From Dr. Pivo’s article the term “Shelter Poverty was coined by Stone (1993) to describe the situation where households that pay 30% of their income for housing are left with too little money to meet their essential needs.” In essence, even these households may be paying an “affordable” amount for their housing; they are still living in poverty, and with so little income, are left to choose between rent and buying food, paying bills, etc.

#### **5. Quality Adjusted Measure**

The Quality Adjusted Measure, popularized by Lerman and Reeder (1987) is a computation of the number of households in which HUD’s definition of affordable housing (30% income threshold) would not cover the cost of housing. This approach uses a hedonic analysis that looks at the cheapest price for “quality” housing, so it estimates the amount of people that are paying more for housing than “necessary” according to economists, but still pay more than 30% of income for rent. The approach addresses some of the problems of the 30% of income threshold in its attempt to account for changes in quality. The metric uses the price of the lowest cost unit that meets minimum quality standards and considers geographic differences in costs.

#### **6. Housing Affordability Mismatch**

The Housing Affordability Mismatch is a ratio of housing units that are potentially affordable to households of a particular income category (supply) to the number of households in that income range (demand) (Nelson, 1994a: and Bogdon, Silver and Turner 1994). Households are categorized into income categories based on their size while units are categorized into affordability categories.

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<sup>14</sup> Using a United States population of 319 million people, and accounting for 94% of the population covered under the H+T Index, 87 million people is 29% (55% minus 26%) of the remainder.

Essentially, this measure has the ability to show which households will have a harder time securing a quality, affordable home.

## **7. Amenity-Based Housing Affordability Index**

The Amenity-Based Housing Affordability Index (Fisher, Pollakowski, Zabel 2009) is an area affordability measure that considers job accessibility, school quality, and safety. Indices use prices of the construction of interjurisdictional homes (Sieg et al. 2002) in various residential areas with the urban general equilibrium model (Brueckner 1987, Fujita 1989). The product is a directory of the percent of units that are affordable to various households in various locations, which is adjusted for accessibility, schools, and safety across a jurisdiction through the use of a hedonic price equation.

## **8. Oregon Inclusionary Zoning Bill (Senate Bill 1533)**

Senate Bill 1533, passed in the 2016 Oregon legislative session, lifted the 17-year ban on inclusionary zoning codified as ORS 197.309. Inclusionary zoning is a practice where developers must include a certain percentage of “affordable” units in any newly constructed multi-family building. In Oregon, the law enables cities to require that any new construction over 20 units have up to 20 percent of those units listed as “affordable.” In this case, “affordable” means the conventional 30% of income for households with incomes equal to or higher than 80 percent of the median family income for the county in which the housing is built. The law includes a number of other provisions, including an in-lieu fee for developers to pay if they chose not to include affordable units, and the option to voluntarily set the threshold at 60% of median family income.

# APPENDIX C: HUD INCOME LIMITS FOR OREGON

STATE: OREGON		-----SECTION 8 INCOME LIMITS-----							
	PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Albany, OR MSA FY 2016 MFI: 53600	EXTR LOW INCOME	11880	16020	20160	24300	28440	31100	33250	35400
	VERY LOW INCOME	18800	21450	24150	26800	28950	31100	33250	35400
	LOW-INCOME	30050	34350	38650	42900	46350	49800	53200	56650
Bend-Redmond, OR MSA FY 2016 MFI: 59700	EXTR LOW INCOME	12550	16020	20160	24300	28440	32580	36730	39450
	VERY LOW INCOME	20900	23900	26900	29850	32250	34650	37050	39450
	LOW-INCOME	33450	38200	43000	47750	51600	55400	59250	63050
Corvallis, OR MSA FY 2016 MFI: 76500	EXTR LOW INCOME	16100	18400	20700	24300	28440	32580	36730	40890
	VERY LOW INCOME	26800	30600	34450	38250	41350	44400	47450	50500
	LOW-INCOME	42850	49000	55100	61200	66100	71000	75900	80800
Eugene-Springfield, OR MSA FY 2016 MFI: 58900	EXTR LOW INCOME	12200	16020	20160	24300	28440	32580	36000	38300
	VERY LOW INCOME	20300	23200	26100	29000	31350	33650	36000	38300
	LOW-INCOME	32500	37150	41800	46400	50150	53850	57550	61250
Grants Pass, OR MSA FY 2016 MFI: 47800	EXTR LOW INCOME	11880	16020	20160	24300	28050	30150	32200	34300
	VERY LOW INCOME	18200	20800	23400	25950	28050	30150	32200	34300
	LOW-INCOME	29050	33200	37350	41500	44850	48150	51500	54800
Medford, OR MSA FY 2016 MFI: 53300	EXTR LOW INCOME	11880	16020	20160	24300	28440	30950	33050	35200
	VERY LOW INCOME	18700	21350	24000	26650	28800	30950	33050	35200
	LOW-INCOME	29900	34150	38400	42650	46100	49500	52900	56300
Portland-Vancouver-Hillsboro, OR-WA MSA FY 2016 MFI: 73300	EXTR LOW INCOME	15400	17600	20160	24300	28440	32580	36730	40890
	VERY LOW INCOME	25700	29350	33000	36650	39600	42550	45450	48400
	LOW-INCOME	41100	46950	52800	58650	63350	68050	72750	77450
Salem, OR MSA FY 2016 MFI: 56500	EXTR LOW INCOME	11900	16020	20160	24300	28440	32580	35050	37300
	VERY LOW INCOME	19800	22600	25450	28250	30550	32800	35050	37300
	LOW-INCOME	31650	36200	40700	45200	48850	52450	56050	59700
Baker County, OR FY 2016 MFI: 52500	EXTR LOW INCOME	11880	16020	20160	24300	28350	30450	32550	34650
	VERY LOW INCOME	18400	21000	23650	26250	28350	30450	32550	34650
	LOW-INCOME	29400	33600	37800	42000	45400	48750	52100	55450
Clatsop County, OR FY 2016 MFI: 56300	EXTR LOW INCOME	11880	16020	20160	24300	28440	32580	34950	37200
	VERY LOW INCOME	19750	22550	25350	28150	30450	32700	34950	37200
	LOW-INCOME	31550	36050	40550	45050	48700	52300	55900	59500
Coos County, OR FY 2016 MFI: 49100	EXTR LOW INCOME	11880	16020	20160	24300	28050	30150	32200	34300
	VERY LOW INCOME	18200	20800	23400	25950	28050	30150	32200	34300
	LOW-INCOME	29050	33200	37350	41500	44850	48150	51500	54800
Crook County, OR FY 2016 MFI: 49800	EXTR LOW INCOME	11880	16020	20160	24300	28050	30150	32200	34300
	VERY LOW INCOME	18200	20800	23400	25950	28050	30150	32200	34300
	LOW-INCOME	29050	33200	37350	41500	44850	48150	51500	54800



STATE: OREGON

-----SECTION 8 INCOME LIMITS-----

	PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Curry County, OR FY 2016 MFI: 50100	EXTR LOW INCOME	11880	16020	20160	24300	28050	30150	32200	34300
	VERY LOW INCOME	18200	20800	23400	25950	28050	30150	32200	34300
	LOW-INCOME	29050	33200	37350	41500	44850	48150	51500	54800
Douglas County, OR FY 2016 MFI: 50700	EXTR LOW INCOME	11880	16020	20160	24300	28050	30150	32200	34300
	VERY LOW INCOME	18200	20800	23400	25950	28050	30150	32200	34300
	LOW-INCOME	29050	33200	37350	41500	44850	48150	51500	54800
Gilliam County, OR FY 2016 MFI: 58200	EXTR LOW INCOME	12250	16020	20160	24300	28440	32580	36100	38450
	VERY LOW INCOME	20400	23300	26200	29100	31450	33800	36100	38450
	LOW-INCOME	32600	37250	41900	46550	50300	54000	57750	61450
Grant County, OR FY 2016 MFI: 47200	EXTR LOW INCOME	11880	16020	20160	24300	28050	30150	32200	34300
	VERY LOW INCOME	18200	20800	23400	25950	28050	30150	32200	34300
	LOW-INCOME	29050	33200	37350	41500	44850	48150	51500	54800
Harney County, OR FY 2016 MFI: 43700	EXTR LOW INCOME	11880	16020	20160	24300	28050	30150	32200	34300
	VERY LOW INCOME	18200	20800	23400	25950	28050	30150	32200	34300
	LOW-INCOME	29050	33200	37350	41500	44850	48150	51500	54800
Hood River County, OR FY 2016 MFI: 66100	EXTR LOW INCOME	13900	16020	20160	24300	28440	32580	36730	40890
	VERY LOW INCOME	23150	26450	29750	33050	35700	38350	41000	43650
	LOW-INCOME	37050	42350	47650	52900	57150	61400	65600	69850
Jefferson County, OR FY 2016 MFI: 47300	EXTR LOW INCOME	11880	16020	20160	24300	28050	30150	32200	34300
	VERY LOW INCOME	18200	20800	23400	25950	28050	30150	32200	34300
	LOW-INCOME	29050	33200	37350	41500	44850	48150	51500	54800
Klamath County, OR FY 2016 MFI: 49100	EXTR LOW INCOME	11880	16020	20160	24300	28050	30150	32200	34300
	VERY LOW INCOME	18200	20800	23400	25950	28050	30150	32200	34300
	LOW-INCOME	29050	33200	37350	41500	44850	48150	51500	54800
Lake County, OR FY 2016 MFI: 48800	EXTR LOW INCOME	11880	16020	20160	24300	28050	30150	32200	34300
	VERY LOW INCOME	18200	20800	23400	25950	28050	30150	32200	34300
	LOW-INCOME	29050	33200	37350	41500	44850	48150	51500	54800
Lincoln County, OR FY 2016 MFI: 55200	EXTR LOW INCOME	11880	16020	20160	24300	28440	32050	34250	36450
	VERY LOW INCOME	19350	22100	24850	27600	29850	32050	34250	36450
	LOW-INCOME	30950	35350	39750	44150	47700	51250	54750	58300
Malheur County, OR FY 2016 MFI: 47000	EXTR LOW INCOME	11880	16020	20160	24300	28050	30150	32200	34300
	VERY LOW INCOME	18200	20800	23400	25950	28050	30150	32200	34300
	LOW-INCOME	29050	33200	37350	41500	44850	48150	51500	54800
Morrow County, OR FY 2016 MFI: 54000	EXTR LOW INCOME	11880	16020	20160	24300	28440	31350	33500	35650
	VERY LOW INCOME	18900	21600	24300	27000	29200	31350	33500	35650
	LOW-INCOME	30250	34600	38900	43200	46700	50150	53600	57050

STATE:OREGON

-----SECTION 8 INCOME LIMITS-----

	PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Sherman County, OR FY 2016 MFI: 58600	EXTR LOW INCOME	12350	16020	20160	24300	28440	32580	36350	38700
	VERY LOW INCOME	20550	23450	26400	29300	31650	34000	36350	38700
	LOW-INCOME	32850	37550	42250	46900	50700	54450	58200	61950
Tillamook County, OR FY 2016 MFI: 52600	EXTR LOW INCOME	11880	16020	20160	24300	28440	30550	32650	34750
	VERY LOW INCOME	18450	21050	23700	26300	28450	30550	32650	34750
	LOW-INCOME	29500	33700	37900	42100	45500	48850	52250	55600
Umatilla County, OR FY 2016 MFI: 58300	EXTR LOW INCOME	12250	16020	20160	24300	28440	32580	36150	38500
	VERY LOW INCOME	20450	23350	26250	29150	31500	33850	36150	38500
	LOW-INCOME	32700	37350	42000	46650	50400	54150	57850	61600
Union County, OR FY 2016 MFI: 53300	EXTR LOW INCOME	11880	16020	20160	24300	28440	30950	33050	35200
	VERY LOW INCOME	18700	21350	24000	26650	28800	30950	33050	35200
	LOW-INCOME	29900	34150	38400	42650	46100	49500	52900	56300
Wallowa County, OR FY 2016 MFI: 56000	EXTR LOW INCOME	11880	16020	20160	24300	28440	32500	34750	37000
	VERY LOW INCOME	19600	22400	25200	28000	30250	32500	34750	37000
	LOW-INCOME	31400	35850	40350	44800	48400	52000	55600	59150
Wasco County, OR FY 2016 MFI: 55000	EXTR LOW INCOME	11880	16020	20160	24300	28440	31900	34100	36300
	VERY LOW INCOME	19250	22000	24750	27500	29700	31900	34100	36300
	LOW-INCOME	30800	35200	39600	44000	47550	51050	54600	58100
Wheeler County, OR FY 2016 MFI: 48100	EXTR LOW INCOME	11880	16020	20160	24300	28050	30150	32200	34300
	VERY LOW INCOME	18200	20800	23400	25950	28050	30150	32200	34300
	LOW-INCOME	29050	33200	37350	41500	44850	48150	51500	54800

## APPENDIX D: COST BURDEN BY REGION, INCOME AND TENURE IN OREGON

		Not Cost Burden		Cost Burden		Severe Cost Burden		Cost Burden + Severe Cost Burden		Total (NCB + CB + SCB)	
<b>North Coast</b>											
<i>Owner-Occupied</i>	< 30% AMI	135	9%	265	18%	1,070	73%	1,335	91%	1,470	100%
	30-50% AMI	1,040	38%	735	27%	930	34%	1,665	62%	2,705	100%
	50-80% AMI	2,760	58%	1,105	23%	870	18%	1,975	42%	4,735	100%
	80-100% AMI	1,910	60%	920	29%	360	11%	1,280	40%	3,190	100%
	> 100% AMI	15,975	85%	2,445	13%	440	2%	2,885	15%	18,860	100%
<i>Renter-Occupied</i>	< 30% AMI	565	20%	275	10%	2,040	71%	2,315	80%	2,880	100%
	30-50% AMI	790	29%	1,115	40%	865	31%	1,980	71%	2,770	100%
	50-80% AMI	1,200	43%	1,305	47%	265	10%	1,570	57%	2,770	100%
	80-100% AMI	1,255	74%	370	22%	70	4%	440	26%	1,695	100%
	> 100% AMI	3,530	95%	150	4%	25	1%	175	5%	3,705	100%
<b>Gorge</b>											
<i>Owner-Occupied</i>	< 30% AMI	69	16%	100	23%	265	61%	365	84%	434	100%
	30-50% AMI	290	32%	315	35%	295	33%	610	68%	900	100%
	50-80% AMI	1,260	63%	500	25%	250	12%	750	37%	2,010	100%
	80-100% AMI	815	58%	375	27%	219	16%	594	42%	1,409	100%
	> 100% AMI	6,200	84%	1,039	14%	130	2%	1,169	16%	7,369	100%
<i>Renter-Occupied</i>	< 30% AMI	160	16%	99	10%	750	74%	849	84%	1,009	100%
	30-50% AMI	340	27%	540	43%	390	31%	930	73%	1,270	100%
	50-80% AMI	820	61%	415	31%	110	8%	525	39%	1,345	100%
	80-100% AMI	750	89%	80	10%	10	1%	90	11%	840	100%
	> 100% AMI	1,790	94%	64	3%	50	3%	114	6%	1,904	100%
<b>Eastern</b>											
<i>Owner-Occupied</i>	< 30% AMI	320	13%	554	23%	1,565	64%	2,119	87%	2,439	100%
	30-50% AMI	1,875	49%	1,029	27%	944	25%	1,973	51%	3,848	100%
	50-80% AMI	4,535	63%	1,744	24%	864	12%	2,608	37%	7,143	100%
	80-100% AMI	3,295	77%	820	19%	137	3%	957	23%	4,252	100%
	> 100% AMI	24,520	91%	2,039	8%	356	1%	2,395	9%	26,915	100%
<i>Renter-Occupied</i>	< 30% AMI	933	18%	570	11%	3,635	71%	4,205	82%	5,138	100%
	30-50% AMI	1,585	30%	2,235	43%	1,394	27%	3,629	70%	5,214	100%
	50-80% AMI	3,135	63%	1,565	32%	244	5%	1,809	37%	4,944	100%
	80-100% AMI	2,480	94%	146	6%	-	0%	146	6%	2,626	100%
	> 100% AMI	5,740	99%	23	0%	15	0%	38	1%	5,778	100%
<b>South Central</b>											
<i>Owner-Occupied</i>	< 30% AMI	250	23%	120	11%	705	66%	825	77%	1,075	100%
	30-50% AMI	765	39%	455	23%	765	39%	1,220	61%	1,985	100%
	50-80% AMI	2,055	62%	785	24%	475	14%	1,260	38%	3,315	100%
	80-100% AMI	1,530	68%	530	24%	185	8%	715	32%	2,245	100%
	> 100% AMI	10,315	89%	1,110	10%	154	1%	1,264	11%	11,579	100%
<i>Renter-Occupied</i>	< 30% AMI	250	11%	180	8%	1,845	81%	2,025	89%	2,275	100%
	30-50% AMI	480	22%	940	44%	734	34%	1,674	78%	2,154	100%
	50-80% AMI	1,185	52%	910	40%	165	7%	1,075	48%	2,260	100%
	80-100% AMI	685	81%	144	17%	20	2%	164	19%	849	100%
	> 100% AMI	2,580	92%	179	6%	45	2%	224	8%	2,804	100%

Not Cost Burden				Cost Burden		Severe Cost Burden		Cost Burden + Severe Cost Burden		Total (NCB + CB + SCB)	
<b>Southwestern</b>											
<i>Owner-Occupied</i>	< 30% AMI	520	8%	955	15%	4,695	76%	5,650	92%	6,170	100%
	30-50% AMI	3,775	34%	3,260	29%	4,230	38%	7,490	66%	11,265	100%
	50-80% AMI	10,890	55%	4,510	23%	4,460	22%	8,970	45%	19,860	100%
	80-100% AMI	7,600	60%	3,205	25%	1,955	15%	5,160	40%	12,760	100%
	> 100% AMI	65,215	84%	10,415	13%	2,235	3%	12,650	16%	77,865	100%
<i>Renter-Occupied</i>	< 30% AMI	1,850	16%	1,095	9%	8,750	75%	9,845	84%	11,695	100%
	30-50% AMI	1,770	14%	4,035	32%	6,840	54%	10,875	86%	12,645	100%
	50-80% AMI	4,815	32%	7,365	50%	2,680	18%	10,045	68%	14,860	100%
	80-100% AMI	4,365	57%	3,000	39%	295	4%	3,295	43%	7,660	100%
	> 100% AMI	18,655	90%	1,395	7%	630	3%	2,025	10%	20,680	100%
<b>Willamette Valley</b>											
<i>Owner-Occupied</i>	< 30% AMI	980	13%	1,100	14%	5,690	73%	6,790	87%	7,770	100%
	<50 AMI	4,850	39%	3,150	25%	4,380	35%	7,530	61%	12,380	100%
	<80 AMI	12,160	53%	5,600	24%	5,230	23%	10,830	47%	22,990	100%
	<100 AMI	9,125	57%	4,815	30%	2,005	13%	6,820	43%	15,945	100%
	> 100% AMI	93,770	84%	15,885	14%	2,425	2%	18,310	16%	112,080	100%
<i>Renter-Occupied</i>	< 30% AMI	1,850	16%	1,100	9%	8,750	75%	9,845	84%	11,695	100%
	<50 AMI	1,770	14%	4,035	32%	6,840	54%	10,875	86%	12,645	100%
	<80 AMI	4,815	32%	7,365	50%	2,680	18%	10,045	68%	14,860	100%
	<100 AMI	4,365	57%	3,000	39%	295	4%	3,295	43%	7,660	100%
	> 100% AMI	18,655	90%	1,395	7%	630	3%	2,025	10%	20,680	100%
<b>Central</b>											
<i>Owner-Occupied</i>	< 30% AMI	135	6%	170	8%	1,940	86%	2,110	94%	2,245	100%
	30-50% AMI	1,150	30%	750	19%	1,950	51%	2,700	70%	3,850	100%
	50-80% AMI	2,775	44%	1,560	25%	1,995	32%	3,555	56%	6,330	100%
	80-100% AMI	2,050	49%	1,325	32%	810	19%	2,135	51%	4,185	100%
	> 100% AMI	24,895	79%	5,460	17%	1,250	4%	6,710	21%	31,605	100%
<i>Renter-Occupied</i>	< 30% AMI	335	10%	300	9%	2,825	82%	3,125	90%	3,460	100%
	30-50% AMI	565	12%	1,355	30%	2,625	58%	3,980	88%	4,545	100%
	50-80% AMI	1,855	31%	3,270	55%	850	14%	4,120	69%	5,975	100%
	80-100% AMI	1,850	73%	620	25%	50	2%	670	27%	2,520	100%
	> 100% AMI	7,180	91%	645	8%	70	1%	715	9%	7,895	100%
<b>State</b>											
<i>Owner-Occupied</i>	< 30% AMI	2,409	11%	3,264	15%	15,930	74%	19,194	89%	21,603	100%
	30-50% AMI	13,745	37%	9,694	26%	13,494	37%	23,188	63%	36,933	100%
	50-80% AMI	36,435	55%	15,804	24%	14,144	21%	29,948	45%	66,383	100%
	80-100% AMI	26,325	60%	11,990	27%	5,671	13%	17,661	40%	43,986	100%
	> 100% AMI	240,890	84%	38,393	13%	6,990	2%	45,383	16%	286,273	100%
<i>Renter-Occupied</i>	< 30% AMI	5,943	16%	3,619	9%	28,595	75%	32,209	84%	38,157	100%
	30-50% AMI	7,300	18%	14,255	35%	19,688	48%	33,943	82%	41,243	100%
	50-80% AMI	17,825	38%	22,195	47%	6,994	15%	29,189	62%	47,014	100%
	80-100% AMI	15,750	66%	7,360	31%	740	3%	8,100	34%	23,850	100%
	> 100% AMI	58,130	92%	3,851	6%	1,465	2%	5,316	8%	63,446	100%

# APPENDIX E: FEDERAL AND STATE HOUSING AFFORDABILITY PROGRAMS

## Federal Programs

Program Name	Description	Program Type	Affordability Threshold	AMI
<b>Capacity Building for Community Development and Affordable Housing</b>	Grants for three national nonprofits to support subgrantees including CDCs and CHDOs, to help low income families	Grant	"low income" families	below or at 80% AMI
<b>Choice Neighborhoods</b>	A competitive grant program to transform neighborhoods of poverty into vibrant, mixed-income neighborhoods. Provides planning and implementation grants	Grant	mixed-income housing; no specific requirements set	"mixed-income", no specifications
<b>Community Development Block Grant (including CDBG-DR, CDBG Sections 107/108, CDBG for non-entitlement areas, and CDBG for Insular Areas)</b>	Provides grants to metropolitan cities to meet their community development and housing needs	Grant	"low and moderate income" families	at or below 80% AMI; at or below 95% AMI
<b>Continuum of Care (COC) Program</b>	Grants to support the re-housing of people experiencing homelessness	Grant	people experiencing homelessness	none
<b>Emergency Solutions Grants (ESG)</b>	Grants to support services related to emergency shelter and street outreach, rehab and new construction of shelters, short- and medium term rental assistance	Grant	people experiencing homelessness or at risk of homelessness	
<b>Family Self-Sufficiency Programs</b>	Promotes the development of local strategies to coordinate public and private resources that help housing choice voucher program participants and public housing tenants obtain employment that will enable participating families to achieve economic independence.	Grant	Housing Choice Voucher recipients	at or below 50% AMI
<b>FHA Home Equity Conversion Mortgage (HECM)</b>	Insures reverse mortgages that allow elderly borrowers to convert equity into monthly income or lines or credit.	Mortgage Insurance	none	none
<b>FHA Single Family Housing Program: Energy Efficient Mortgage</b>	Federal mortgage insurance to finance the cost of energy efficiency measures	Loan	none	none
<b>FHA Single Family Housing Program: Home Affordable Modification Program (HAMP)</b>	Provides loan modification to help reduce monthly mortgage payments and avoid foreclosure	Mortgage Adjustment	none	none
<b>FHA: Insurance for Adjustable Rate Mortgages (ARMs)</b>	Federal mortgage insurance for adjustable rate mortgages,	Mortgage Insurance	none	none
<b>Good Neighbor Next Door</b>	Provides law enforcement officers, firefighters and EMTs discounted homeownership opportunities in revitalization areas	Decreased downpayment; 50% discount on home	Professional requirements (teacher, law enforcement officers, etc)	none



Program Name	Description	Program Type	Affordability Threshold	AMI
<b>HOME Investment Partnerships</b>	Grants to states and local government to implement local housing strategies designed to increase affordable housing opportunities for low- and very low-income families.	Grant	"low" and "very low income"	Rental: at least 90% of families must be at or below 60% ; remaining 10% must be at or below 80% AMI. Ownership: families at or below 80% AMI
<b>Homeownership Voucher program</b>	Help for Housing Choice Voucher families buying homes.	Grant	same as Husing Choice Voucher	75% of residents must be at or below 30% AMI; others are VLI, 50% AMI
<b>HOPWA</b>	Grants to provide housing assistance and supportive services to meet housing needs of low-income people living with HIV/AIDS	Grant	"low income" individuals living with HIV/AIDS	at or below 80% AMI
<b>Housing Choice Voucher Program</b>	Provides rental subsidies for tenants who choose units in the private market.	Grant	75% of residents must be at or below 30% AMI; others are VLI, 50% AMI	75% of residents must be at or below 30% AMI; others are VLI, 50% AMI
<b>Housing Preservation and Revitalization Demonstration Loans and Grants</b>	Restructures loans for existing Rural Rental Housing and Off-Farm Labor Housing projects to help improve and preserve the availability of safe affordable rental housing for low income residents.	Grant and loan	Low income	at or below 80% AMI
<b>Housing Trust Fund</b>	Funds the construction, rehabilitation and preservation of rental homes and funds homeownership opportunities, primarily for extremely low income families	Grant	ELI, VLI families	at or below 50% AMI
<b>HUD-VASH</b>	Combines Housing Choice Vouchers and project-based rental assistance with supportive services for veterans experiencing homelessness	Grant	VLI homeless Veterans	unclear
<b>Manufactured Homes Loan Insurance</b>	Insures mortgage loans made by private lending institutions to finance the purchase of a new or used manufactured home	mortgage insurance	none - have to be able to meet credit requirements, make cash investment and loan payments	none
<b>Mark-to-Market Program</b>	Preserves long-term low-income housing affordability by restructuring FHA-insured or HUD-held mortgages for eligible multifamily housing projects.	mortgage restructuring	rental housing for low-income households	at or below 80% AMI
<b>Moving to Work</b>	Public Housing/Section 8: allows PHAs to design and test ways to use federal funding more efficiently to help low-income households achieve opportunity	flexibility	low-income households	at or below 80% AMI
<b>Multifamily Rental Housing for Moderate-Income Families (Section 221(d)(3) and (4))</b>	Mortgage insurance to finance rental or cooperative multifamily housing for moderate-income households, including projects designated for the elderly.	Mortgage insurance	moderate income families	at or below 95% AMI
<b>Mutual Self-Help Housing Technical Assistance Grants</b>	Provides grants to organizations to carry out self-help housing construction projects	Grant	LI and VLI; priority to VLI households	priority to households at or below 50% AMI

Program Name	Description	Program Type	Affordability Threshold	AMI
<b>Public Housing Homeownership (Section 32)</b>	Sale of public housing units to low-income families; allows PHAs to sell individual units that are suitable for ownership		low-income families	at or below 80% AMI
<b>Rural Capacity Building for Community Development and Affordable Housing</b>	Helps rural CDCs, CHDOs, local govt, and housing development organizations undertake community development activities	Grant	Unclear.	below or at 95% AMI
<b>Rural Housing Preservation Grants</b>	It provides grants to sponsoring organizations for the repair or rehabilitation of housing occupied by low and very low income people.	Grant	LI and VLI	50-80% AMI; below \$5500 above the low-income limit
<b>Rural Housing Site Loans</b>	Rural Housing site loans provide two types of loans to purchase and develop housing sites for low- and moderate-income families:	Loan	Low and moderate income	50-80% AMI; below \$5500 above the low-income limit
<b>Rural Housing Stability Assistance Program</b>	Awards grants to help individuals and families at risk of homelessness improve their housing situation	Grant	families in emergency or transitional shelter; "lowest income" families	none
<b>Rural Housing: Single Family Housing Direct Home Loans (Section 502)</b>	Low-interest, fixed-rate loans to help LI and VLI households buy a home	Loan	low and very low income	at or below 80% AMI
<b>Rural Housing: Single Family Housing Guaranteed loans program</b>	Assists lenders in providing homloans to low and moderate income households	Loan guarantee	low and moderate income	at or below 115% AMI
<b>Rural: MF Housing Direct Loans</b>	This program provides competitive financing for affordable multi-family rental housing for low-income, elderly, or disabled individuals and families in eligible rural areas.	Loan	very low to moderate income	at or below 50% AMI up to \$5500 above 80% AMI
<b>Rural: MF Housing Loan Guarantee</b>	Provides financing to qualified borrowers to increase the supply of affordable rental housing for low- and moderate-income individuals and families in eligible rural areas and towns.	Loan guarantee	low to moderate income	At or below 115% AMI
<b>Rural: MF Housing Rental Assistance</b>	This program provides payments to owners of USDA-financed Rural Rental Housing or Farm Labor Housing projects on behalf of low-income tenants unable to pay their full rent.	Grant	VLI and LI tenants	priority to households at or below 50% AMI; also 50-80% AMI
<b>Section 202</b>	Provides capital advances and contracts for project rental assistance to expand the supply of affordable housing with supportive services for very-low income elderly persons or provides funding for enhanced services and research on the supportive services model.	Grant	VLI elderly persons	households at or below 50% AMI with at least one person above the age of 62

Program Name	Description	Program Type	Affordability Threshold	AMI
<b>Section 8 Project-Based Rental Assistance</b>	Project-Based Voucher Program: Through Project-Based Section 8 Rental Assistance, HUD assists more than 1.2 million extremely low-, low- and very low-income families in obtaining decent, safe, and sanitary housing.	Grant	ELI, VLI and LI families	occupancy limited to families at or below 50% AMI, which includes ELI families (30% AMI or below). Some units for 50-80% AMI
<b>Section 8 SRO program</b>	Funds moderate rehabilitation of SROs for people experiencing homelessness; part of Continuum of Care (COC) program	Grant (annual contribution)	very low-income single experiencing homelessness	at or below 50% AMI
<b>Section 811</b>	Provides assistance to expand the supply of housing with the availability of supportive services for persons with disabilities and promotes and facilitates community integration for low- and extremely-low income people with disabilities.	Grant	VLI and ELI people with disabilities	households at or below 50% AMI,
<b>Self-Help Opportunity Program</b>	Grants awarded to national and regional nonprofit organizations and consortia who provide and facilitate self-help homeownership housing opportunities	Grants	"low income" families; or families that would otherwise not be able to afford a house	at or below 80% AMI
<b>Shelter Plus Care</b>	Rental assistance for homeless people with disabilities; part of Continuum of Care (COC) program	Grants	people experiencing homelessness	people experiencing homelessness
<b>Supportive Housing Program</b>	Funds development of supportive housing to assist people transition out of homelessness; part of Continuum of Care (COC) program	Grants	people experiencing homelessness	people experiencing homelessness
<b>Surplus Property to Use to Assist the Homeless</b>	Makes vacant, untutilized or undertutilized federal land available to states, local govts and nonprofits for use to assist people experiencing homelessness	Land Grant	people experiencing homelessness	none



## State Programs

Program Name	Description	Program Type	Affordability Threshold	AMI
<b>Agriculture Workforce Housing Tax Credit Program</b>	The Agriculture Workforce Housing Tax Credit (AWHTC) Program is designed to give a state income tax credit to investors who incur costs to construct, install, acquire or rehabilitate agriculture workforce housing. The tax credit may be taken on 50 percent of the eligible costs actually paid or incurred to complete a farmworker housing project.	Tax Credit	Not Specified	Not Specified
<b>Downpayment Assistance Program/Residential Loan Program</b>	Funds are awarded to qualified local organizations, so they are then able to create, continue and expand their existing down payment assistance programs.	Loan	LI, VLI	
<b>Elderly and Disabled (E &amp; D) Loan Program</b>	Provides below-market interest rate permanent mortgage loans by issuing pooled tax-exempt bond financing for affordable multi-unit rental housing projects.	Loan	LI	Either 1) at least 20% of units are occupied by families whose income is 50% or less than the AMI with adjustments for family size; or 2) at least 40% of units are occupied by families whose income is 60% or less of the area median income with adjustment for family size
<b>Emergency Housing Account (EHA)</b>	To assist persons who are homeless or at risk of becoming homeless.	Grant	LI, VLI	No greater than 80% AMI
<b>Emergency Solutions Grant (ESG)</b>	Provides federal funds to support local programs to assist individuals and families to quickly regain stability in permanent housing after experiencing a housing crisis or homelessness.	Grant	Homeless or at risk of homelessness	No greater than 30% of AMI
<b>General Housing Account Program (GHAP)</b>	To support affordable multifamily housing development and increasing the capacity of OHCS partners to meet the state's affordable housing needs.	Grants and Loans	LI, VLI	At or below 50% of AMI
<b>HELP Grant Program</b>	To provide financial assistance for the construction, acquisition, and/or rehabilitation of rental housing for very low-income individuals and families for the purposes of expanding the supply of affordable, decent, safe, and sanitary housing in Oregon.	Grant	VLI	At or below 50% of the area median income
<b>Housing Development Grant ("Trust Fund") Program</b>	To expand Oregon's housing supply for low- and very low-income families and individuals by providing funds for new construction or to acquire and/or rehabilitate existing structures.	Grant	LI, VLI	At least 75% of households with incomes at or below 50% of AMI; remainder may be allocated to households whose incomes are at or below 80% of AMI
<b>Loan Guarantee Programs (Loan Guarantee and the General (Lease) Guarantee Programs)</b>	To provide guarantees to lenders to assist in the financing of new housing construction or for the acquisition and/or rehabilitation of existing housing for low- and very low-income families.	Loan	LI	Person(s) at or below 80% of the AMI
<b>Local Innovation and Fast Track (LIFT) Housing Program</b>	To build new affordable housing.	Bonds	LI	Households earning at or below 60% AMI
<b>Low Income Housing Tax Credit (LIHTC)</b>	An incentive to encourage the construction and rehabilitation of rental housing for lower-income households. The program offers credits on federal tax liabilities for 10 years.	Tax Credit	LI	1) Set-aside minimum of 20% of units as rent restricted/available to tenants whose incomes do not exceed 50% of AMI, or 2) Set-aside minimum of 40% of units as rent restricted/available to tenants whose incomes do not exceed 60% of AMI.
<b>Low Income Rental Housing Fund (LIRHF)</b>	To pay for services such as short and medium term rental assistance, deposits and utility/rent arrearages, data collection.	Grants	VLI	No greater than 50% AMI

Program Name	Description	Program Type	Affordability Threshold	AMI
<b>Low Income Weatherization Program (LIWP)</b>	To increase the efficiency of heating and other uses of energy in multifamily housing through the installation of energy-efficient insulation, windows, appliances, light fixtures and other energy-reducing activities.	Grants		Households whose income is at or below 60% of the HUD-defined AMI
<b>Oregon Affordable Housing Tax Credit Program (OAHTC)</b>	To certify tax credits for projects so that savings generated by the reduced interest rate can be passed directly to the tenant in the form of reduced rents.	Tax Credit	LI	Less than 80% of AMI
<b>Oregon Bond Loan Program</b>	Provides tax-exempt revenue bonds to finance below market rate mortgage loans for qualified first-time homebuyers.	Loan	Varies by County	Varies by County
<b>Oregon Energy Assistance Program</b>	An assistance program designed to assist low-income households who are in danger of having their electricity service disconnected due to home heating costs.	Grant	LI	60% of AMI based on size of family unit
<b>Oregon Homeowner Stabilization Initiative</b>	To provide a new opportunity for underwater homeowners to refinance their mortgage.	Mortgage refinance		
<b>Oregon Individual Development Account Initiative Program</b>	A matching program to help Oregonians reach various goals (purchase a home, fulfill an educational goal, develop/launch a small business, etc.)	Matching grant	LI, Modest Income	Household income is 200% of the poverty line
<b>Oregon Rural Rehabilitation (ORR) Loan Program</b>	(ORR) Loan Program is exclusively designed for developing or rehabilitating farmworker housing.	Loan	Unclear.	Unclear
<b>Pass-Through Revenue Bond (Conduit)</b>	Provides funds to finance the construction, rehabilitation and acquisition of multi-unit affordable housing	Bond	LI	Unclear
<b>Risk Sharing Loan Program</b>	Provides below-market interest rate permanent mortgage loans by issuing pooled tax-exempt bond financing for affordable multifamily rental housing projects.	Loan	LI	Either 1) at least 20% of units are occupied by families whose income is 50% or less than the AMI with adjustments for family size; or 2) at least 40% of units are occupied by families whose income is 60% or less of the area median income with adjustment for family size
<b>State Housing Assistance Program (SHAP)</b>	Offers state funds to help meet the emergency needs of homeless Oregonians by providing operational support for emergency shelters and supportive services to shelter residents.	Grants	No Restriction	No income restrictions-must meet definition of homeless
<b>Vertical Housing Program</b>	The program encourages mixed-use commercial / residential developments in areas designated by communities through a partial property tax exemption.	Tax Credit	Market Rate and LI	80% of AMI or below
<b>Wildfire Damage Housing Relief</b>	To assist households of lower income that suffer a loss of housing due to a wildfire.	Grant	LI	Applicant has a previous year annual income that is at or below 75% of the Federal Poverty level based on household size

Note: ELI= Extremely Low-income (<30% AMI); VLI=Very Low-income (30-50% AMI); LI=Low-income (50-80% AMI)