



PILOT UGB EXPANSION PROCESS FOR AFFORDABLE HOUSING

RAC MEETING AGENDA

Meeting 4

September 27, 2016

9:00 a.m. – 12:00 noon

DLCD Basement Hearing Room, 635 Capitol St. NE, Salem

- Please read: Background materials attached. Please review materials in advance of the meeting.
- Please bring: Your RAC Binders with all background materials.
- Meeting Objectives:
- Review and understand research from the University of Oregon on cost components of housing, defining affordable housing, mixed-income housing, and manufactured housing
 - Come to agreement on how the rule should define affordable housing and what it should require for affordable housing

9:00 am – 9:30 am	<p>Preliminary Case Study Findings & Housing Cost Components Memo (materials link) (Case Study materials forthcoming)</p> <p><i>Discussion:</i></p> <ul style="list-style-type: none">• <i>What questions arise from the preliminary case study information or housing cost components memo?</i>	Bob Parker Rebecca Lewis
9:30 am – 9:45 am	<p>Types of Affordable Housing (materials link)</p> <p><i>Discussion:</i></p> <ul style="list-style-type: none">• <i>Should the rules allow all types of “needed housing” as affordable housing types?</i>	Dan Eisenbeis
9:45 am – 11:00 am	<p>Affordable Housing Concepts (materials link)</p> <ul style="list-style-type: none">• Definition of Affordable Housing• Authorization of Mixed Income Housing Developments <p><i>Discussion:</i></p> <ul style="list-style-type: none">• <i>Should the rule definition of “affordable housing” include:</i><ul style="list-style-type: none">- <i>dwelling units that may be purchased or rented;</i>- <i>applicable maximum income limits for buyers and renter not to exceed 80 percent of the area median income, adjusted for family size, as determined using information from HUD; and</i>- <i>purchase or rent in a manner so the household will not be cost-burdened?</i>• <i>Should the rules authorize mixed-income housing developments, if affordable housing constitutes a</i>	Dan Eisenbeis

majority of the housing units proposed for and developed on the site?

- *Should the rules be drafted to allow LCDC to give special consideration to pilot project nominations that include a greater amount and ratio of affordable housing units?*

11:00 am – 11:45 am

Requirements for Affordable Housing (materials link)

Dan Eisenbeis

Discussion:

- *Should the rules require the applicants to demonstrate the affordable housing units will be rented or sold at a price affordable to the eligible tenant or homebuyer?*
- *Should the rules require the applicant to specify how the nominating city will ensure the ongoing dedication of the affordable housing for a minimum of 50 years?*
- *Should the rules require the applicant to data to demonstrate the project will serve identified populations in need of affordable housing?*
- *Should the rules specify additional requirements related to affordable housing?*

11:45 am – 11:55 am

Public Comment

Evan Manvel

The maximum time for all public comments under this agenda item will be limited to 10 minutes. If you bring written materials or other materials to handout please provide 20 copies.

11:55 am – 12:00 noon

Next Steps

Evan Manvel



PILOT UGB EXPANSION PROCESS FOR AFFORDABLE HOUSING

RAC WORK PLAN
JUNE 23, 2016

June 30 th	RAC Mtg. #1	<ul style="list-style-type: none">• Introductions, Scope, & Process• Legislation, Basic Framework of Pilot Program, & Work Plan• Goal 10 (Housing) and UGB Process• Overview of State Housing Plan• Overview of Research & Discussion of Data to be Collected
July 19 th	RAC Mtg. #2	<ul style="list-style-type: none">• Initial Research Presentation and Draft Report from UO (Tasks 2.1 and 2.2)• Pilot Project Terms:<ul style="list-style-type: none">○ "Adjacent"○ "Within the jurisdiction"○ "Total Acreage of all lots and parcels in each pilot project site"○ Local Governments Not Eligible for Pilot Program: Served by North Unit Irrigation District• Local Government Actions to Accommodate and Encourage Development of Needed Housing Within the Existing UGB• Pilot Program Exemptions from Specific Goal and Rule Requirements for Amending UGBs
August 2 nd	Discussion Group: Farm, Forest & Natural Resources	<ul style="list-style-type: none">• Pilot Projects that are "Located, Planned and Zoned to Avoid or Minimize Adverse Effects to Natural Resources and Nearby Farm and Forest Uses"• "High Value Farmland"
August 11 th	Discussion Group: Public Facilities & Services	<ul style="list-style-type: none">• Pilot Projects that are "Near Public Facilities and Services, including Roadways and an Identified Transit Corridor to Serve the Area, or for which Public Facilities and Services are Planned and Reasonably Likely to be Provided at a Reasonable Cost in the Near Future"

August 18 th	RAC Mtg. #3	<ul style="list-style-type: none"> • Initial Research Presentation from UO for Task 3 • Preventing Conversion of Buildable Lands Within the UGB that are Planned and Zoned for Needed Housing to Another Use • Public Facilities and Services • "High-Value Farmland" • Avoiding or Minimizing Adverse Effects to Natural Resources and Nearby Farm and Forest Uses
September 27 th	RAC Mtg. #4	<ul style="list-style-type: none"> • Revised UO Report for Task 3 (and Presentation) • Definition of Affordable Housing • Types of Affordable Housing Allowed on Pilot Project Sites • Requirements for Affordable Housing • Authorization of Mixed Income Housing Developments
October 12 th	RAC Mtg. #5	<ul style="list-style-type: none"> • Pilot Project Nomination/Application Requirements: <ul style="list-style-type: none"> ○ Concept Plans ○ Landowner Agreement • Pilot Project Site Selection Process: <ul style="list-style-type: none"> ○ Reasonably Likely to Serve Identified Populations in the Area that Require Affordable Housing ○ Reasonably Likely to Provide a Site for Affordable Housing that Would Not Otherwise be Provided Without the Special Provisions of the Pilot Program ○ Other Criteria
October 24 th	RAC Mtg. #6	<ul style="list-style-type: none"> • Review First Rule Draft
November 14 th	RAC Mtg. #7	<ul style="list-style-type: none"> • Final UO Report (Task 3) • Review Revised Rule Draft • Review Fiscal Impact Statement



September 19, 2016

To | **HB 4709 Rulemaking Advisory Committee (RAC)**
CC | **Gordon Howard & Dan Eisenbeis, DLCD**
From | **Nick Meltzer, Bob Parker, Rebecca Lewis & Sadie DiNatale,**
SUBJECT | **COST COMPONENTS OF HOUSING**

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. Task 3 of our work program includes developing estimates of the relative contribution of various components to housing costs to better understand housing dynamics.

The intent of Task 3 is to understand what factors contribute to the cost of constructing housing in Oregon, thereby providing the RAC a better idea of the relative contribution of different components to the cost of housing, and, in the context of HB 4079, the relative contribution of land to the cost of various housing types. A better understanding of cost components will also inform potential strategies that could be incorporated into the HB 4079 administrative rule.

UNDERSTANDING COSTS OF HOUSING

The strength of the U.S. housing market has historically been correlated with a strong economy. In addition to homeownership associated with building both short term and long term individual wealth, the housing sector generates jobs and tax revenue.¹ However two significant events of the last decade, the Great Recession and changing demographic preferences (due in part, perhaps to the recession), had long term impacts on the housing market. The combination of high college debt, and low job prospects, delayed the start of families and home buying for many young adults, which in turn delayed the rebound of the economy. According to the Joint Center for Housing Studies of Harvard University.²

A key factor holding back housing starts is the sustained falloff in household growth. Given the size and age of the adult population and under normal economic conditions, roughly 1.2 million net new households would have formed on average each year in 2007–2013. But the actual increase was just half that number as the weak economy made it difficult for young adults to live on their own and for immigrants to settle in the United States.

This has led to a much lower supply, and as the economy has rebounded, a much higher demand for new homes: “The bigger question is whether the housing crash diminished the general appeal of

¹ Wardrip, Williams, Hague. *The Role of Affordable Housing in Creating Jobs and Stimulating Economic Development: A Review of the Literature*. 2011. Center for Housing Policy

² All statements sourced from Joint Center for Housing Studies of Harvard University. *State of The Nation’s Housing 2016*. 2016

homeownership. The available evidence suggests that it has not.² New unit construction in 2015 is indicative of pent up demand, with both single family and multi-family residential starts increased by more than 10% over 2014. Coupled with the trend towards more urban living, metro areas are seeing reductions in development ready land supply, with an available 20-month supply, compared with the 24-36 months supply which is considered normal. Exacerbating the situation even further is the lack of labor for construction. In combination with aging workers and many who were out of work during the recession relocating to other sectors, the National Association of Homebuilders is reporting a labor shortage that could have impacts in the coming years and months.²

These trends have and will play a role in the housing market. The following section details the costs that influence the cost and price of home construction.

INTRODUCTION TO COST COMPONENTS

At a broad level, the cost of an individual housing unit (i.e. apartment, single family home, manufactured dwelling), is directly dependent on the amount of available housing units (i.e supply). At a more specific level, it is also directly dependent on the *value*, as determined by the consumer, of an individual housing unit (i.e. demand). Put another way; if there was a overabundance of housing the cost of each housing unit would theoretically be lower—but if these housing units were not the type desired by consumers, the price may be low, but without any demand, they would be left vacant.

It is important to make a distinction between cost and price. Cost is the amount that a developer/builder must pay to convert a lot into a move in ready housing unit. Price then becomes what consumers will pay for a market rate housing unit, and is dependent on a number of factors.

The Oregon based economics consulting firm ECONorthwest has spent decades studying housing markets for Northwest communities. As part of that body of work, they developed a framework for understanding the cost components of housing (see Figure 1. Detailed Model of Housing Cost and Price Figure 1). ECONorthwest elaborated on the complexity of housing markets in Oregon communities in the 2012 Newport Housing Needs Analysis:

Economists view housing as a bundle of services for which people are willing to pay. Those services include shelter certainly, but also proximity to other attractions (jobs, shopping, recreation), amenity (type and quality of fixtures and appliances, landscaping, views), prestige, and access to public services (quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must, and do, make tradeoffs. What they can get for their money is influenced by both economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors like income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors; and housing markets are the result of the individual decisions of thousands of households.

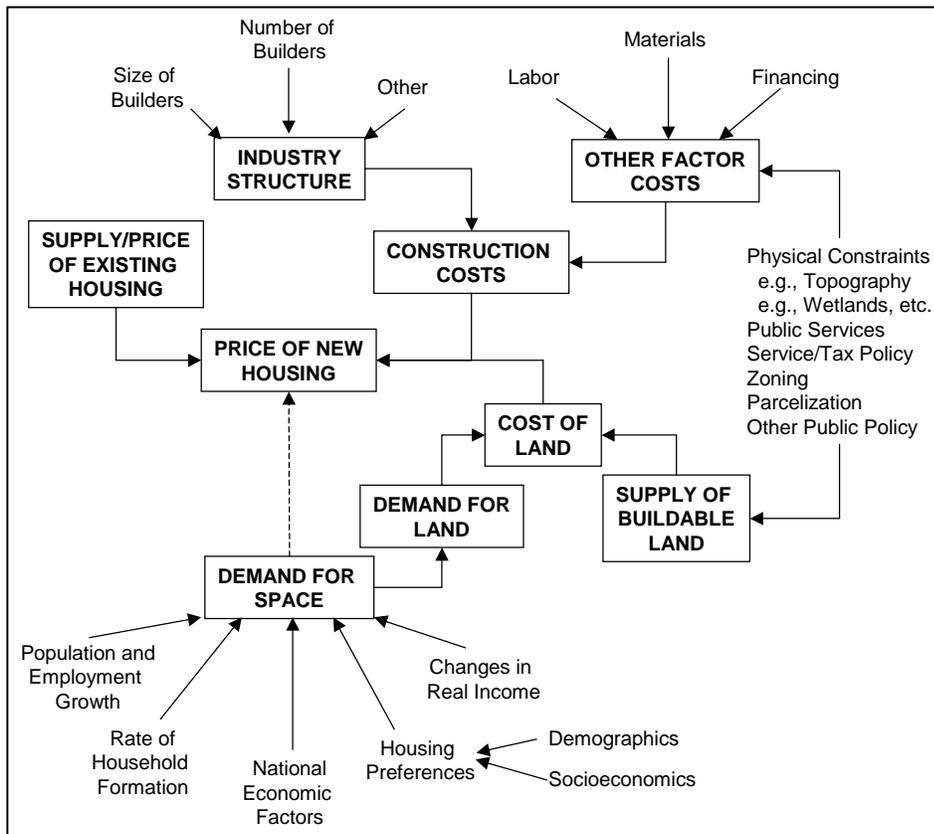
ECONorthwest categorizes factors that affect the location and type of housing in to seven categories (which they refer to as the “seven P’s”): (1) prior housing products; (2) population; (3) purchasing power; (4) preferences; (5) prices and costs of housing; (6) prices of locational amenities; and (7) policy.

We are most interested in the factors that affect the costs of building housing, although all of these seven factors contribute to prices and costs to some extent.

We separate costs into two categories: (1) fixed costs; and (2) preference-based costs. Fixed costs include the cost of the actual land, and cost of materials and labor to construct the housing unit, and any design costs from an architect or engineer.³ Additionally, it includes any requirements by municipalities to meet local zoning, building and safety standards. Often referred to as “regulatory” costs, they include building permit fees, impact fees, financing charges, any marketing costs, overhead, etc. Regulatory costs are discussed in more detail later.

Preference based costs can be thought of as the old adage “location, location, location.” It is reflective of the amenities valued by homebuyers. Examples include (but are by no means limited to) school district, access to workplace, proximity to green space, and other neighborhood characteristics. Shown in Figure 1 as “housing preferences,” this figure also includes more detail of the many associated factors influencing housing price.

Figure 1. Detailed Model of Housing Cost and Price



Source: ECONorthwest

³ We recognize that these costs may vary somewhat by location, but call them fixed for the purpose of this discussion.

RELATIVE SENSITIVITY TO COST COMPONENTS

It is important to understand relative cost components to housing development as these costs can limit the development, and therefore supply, of affordable housing. Accordingly, the following sections explain the cost components that go into housing development so that a broader understanding of the barriers to affordable housing development can be acknowledged.

Fixed Costs

Fixed costs for affordable housing include cost of land, cost of materials and labor, and regulatory expenses. While these costs are not permanently fixed, a housing developer has very little influence on modifying or reducing its financial impact in any given period, nor how those costs change over time. A breakdown of each of these cost components follows.

Cost of Land

Land (with exception of landscaping) is a fixed asset which does not depreciate (as it does not have a determinable usable life).⁴ The cost of land generally increases as it's utility or usability increases. Land in an area of high demand for development (for example, downtowns) will be valued higher than in an area with less demand or in an area where supply of land is higher than demand. The cost of land is contingent upon whether it is serviced or entitled. As finished lots incur additional expenses from land improvements, development fees, and soft costs (payments to lawyers, consultants, etc.), they are valued higher to reflect both the costs of providing the infrastructure and entitlements as well as the increased desirability of the site being development ready. These incurred costs can attribute to more than 50% of the finished lot's value⁵. In essence, the cost of land can be difficult to control for affordable housing especially in areas of high demand.

Material & Labor

The cost of an average home varies by geographic location as building practices, the cost of labor, and the cost of materials differs from one place to the next.⁶ Yet, since 2015, "builders reported that on average, over the previous year, labor costs increased by 3.3 percent, material costs by 4.5 percent, and subcontractor costs by 5 percent."⁷ As wage rates continue to increase, and as unionized workers continue to negotiate for higher wage rates and better working conditions, labor expenses will continue to rise. Correspondingly, as the price of materials (lumber, concrete, trusses, etc.) begins to increase, so will development costs overall. While material costs overall have only increased by approximately three percent from 2011 to 2015, certain products have surged (e.g. cement rising in price by 18% from 2011 to 2015 and concrete products by 13%).⁸

⁴ Internal Revenue Service, *Overview of Depreciation*, https://www.irs.gov/publications/p946/ch01.html#en_US_2013_publink1000107320.

⁵ Carliner, Michael, (2003) *New Home Cost Components*, Housing Economics.

⁶ National Association of Home Builders (2011), *New Construction Cost Breakdown*. <http://www.nahb.org/en/research/housing-economics/special-studies/archives/new-construction-cost-breakdown-2011.aspx>

⁷ Taylor, H (2015) *Costs of Constructing a Home*, NAHB Economics and Housing Policy Group.

⁸ Taylor, H (2015) *Costs of Constructing a Home*, NAHB Economics and Housing Policy Group.

Regulatory Cost

Regulatory expenses from development reviews, site construction and building permits, impact fees, system development charges, capital facilities charges, and other miscellaneous permitting fees increase costs for the developer. These fees can vary significantly from place to place; for instance, results from the 2016 System Development Charges (SDC) Survey conducted by the League of Oregon Cities showed that in Oregon, SDCs vary by city in the way that fee rates are calculated, in the basis for the fees, and in the reasons that fee reductions and exemptions were provided.

Other regulatory expenses include costs incurred from excessive onsite building or zoning requirements. One example of this, parking requirements, have the ability to inflate costs by creating barriers to housing development.⁹ Areas where ordinances dictate minimum parking standards often leave developers with unnecessary costs for each mandated space they may not be necessary. For the developer to turn a profit, these costs must then be covered through the sale of units.

Preference-Based Costs

Preference-based costs exist as housing has a valuable locational element (i.e. how desirable is the location of the housing unit) in which prices fluctuate based on geographic or neighborhood characteristics or other societal realities. While the developer or real estate agent does not influence fixed costs, as the term implies preference-based costs are based on additional value the locational or other amenities have to a homebuyer. While this is somewhat reflected in the cost of land, e.g. location is not dependent on whether there is a housing unit on it, once it becomes a habitable location, many of these demand based costs are amplified.

One of the assumptions implicit in HB 4079 is that the program of allowing boundary amendments for affordable housing will mitigate the impact of preference-based costs by creating a streamlined process for adding land to UGBs. If the process is effective, those lands would not reflect preference-based cost factors to the degree one would expect lands inside the UGB to. Unlike states without strong land use programs, the cost of lands in urban fringe areas (e.g., directly outside the UGB) does not typically exhibit the value impacts of proximity to urban areas and the services they offer. Nonetheless, the UO Research Team felt it important to recognize the potential impact of preference-based cost on housing. A breakdown of several preference-based costs are as follows.

School District

School districts are a major criterion in buyers with school-aged children deciding where to buy a home¹⁰. For these households, a “good” school district is looked upon favorably for several reasons: they wish for their children to attend good schools and to secure a quicker sale if the current owner decides to sell their home. In consideration of the latter, because preference for better performing schools is so high among parents of school aged children, they are prepared to pay more for housing in exchange for accessing these districts.¹¹

⁹ Manville, M (2013) *Parking Requirements and Housing Development*, Journal of American Planning Association, v79, issue 1, 46-66.

¹⁰ Yizhao, Y, et al (2010) *Understanding School Travel: How Location Choice and the Built Environment Affect Trips to School*, Oregon Transportation Research and Education Consortium.

¹¹ Black, S, et al (2010) *Housing Valuation of School Performance*, Handbook of the Economics of Education.

Access to Work

After school district, access to work can be a secondary major criterion for where someone decides to buy a housing unit. Historical suburban development patterns encouraged buyers to “drive until they qualify” or buy a desirable home that was within reasonable commuting distance. Recently, these trends have begun to change, and access to transit stops and bicycle facilities has become more popular in some cities than access to the interstate. Regardless, access to employment centers impacts home buying.

Amenities

In addition to school districts and access to work, homebuyers look for amenities that make it more pleasurable to live in specific location. This could include proximity to parks or green space, grocery stores, restaurants and bars, or more generally, walkability. Some literature exists where economists have completed hedonic studies that value proximity to greenspace,^{12,13} but valuing access to shops and restaurants is better reflected in recent trends of urban homes costing more than suburban.¹⁴

Regulatory Costs

Regulations related to development have increased over time across the United States as trends in inequality, productivity, and mobility have negatively impacted the housing market, contributing to economic rent and rent-seeking behavior.¹⁵ Excessive regulations can restrict supply and drive prices up, including the cost of land. Regulations affect the housing market by shifting additional costs onto the developer who then in turn increase sale prices to generate sufficient profits. Research shows U.S. cities with stricter than average zoning requirements negatively impact their affordable housing market as shown in Figure 2. Some examples of regulatory impacts on housing cost can include:

- Higher design and performance standards for lots and buildings can mandate unnecessary features that supersede basic functionalities. This burdens those seeking affordable housing as sale prices increase to cover non-essentials required for development.
- Reducing density (via overused low density land uses and zoning requirements) undermine the ability for higher densities to offset high land values.
- Development delays due to regulatory requirements increase developer expenses. In recent years, fast tracking or expediting development reviews for affordable housing has reduced this cost concern for some jurisdictions.

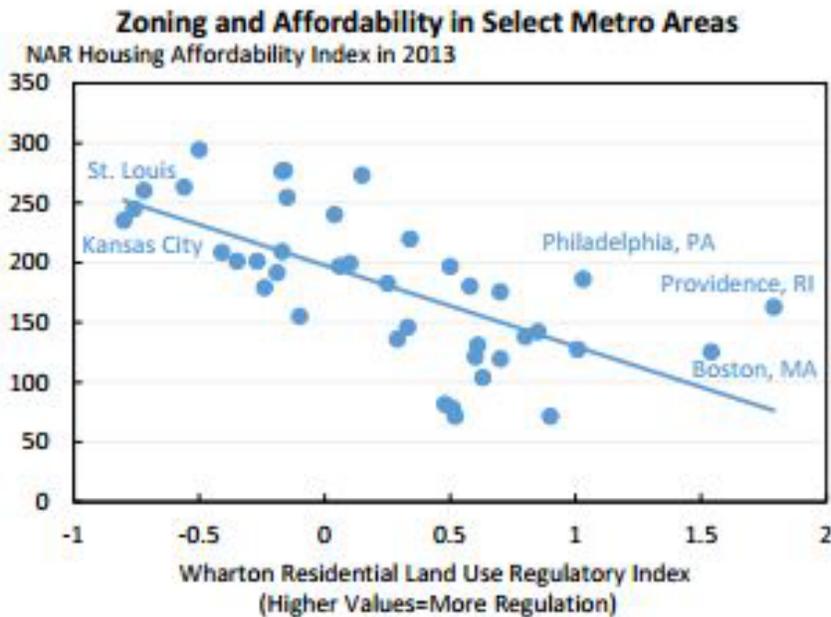
¹² Bark, R, et al (2011), *How Do Homebuyers Value Types of Green Space?* Journal of Agriculture and Resource Economics 36(2):395-415.

¹³ Seong-Hoon, C, et al (2006) Measuring the Contribution of Water and Green Space Amenities to Housing Values: An Application and Comparison of Spatially Weighted Hedonic Models, Journal of Agriculture and Resource Economics 31(3):485-507.

¹⁴ Sohn, D. et al (2012) *The economic value of walkable neighborhoods*, *Urban Design International* 17.2, 115-128.

¹⁵ Furman, J (2015), *Barriers to Shared Growth: The Case of Land Use Regulation and Economic Rents*, the Urban Institute.

Figure 2. Zoning and Housing Affordability Trend



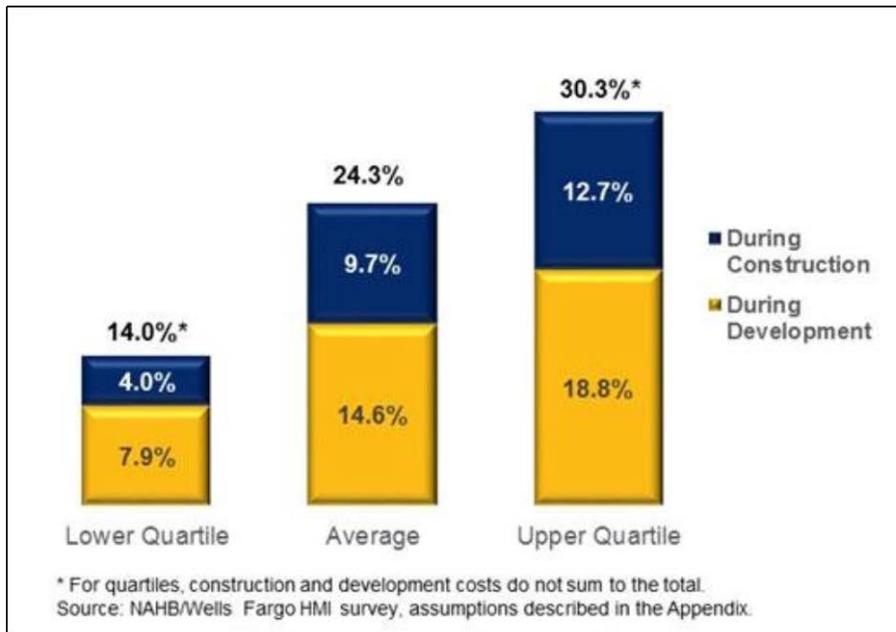
Source: *Furman, J (2015), Barriers to Shared Growth*

A white paper sponsored by the National Association of Homebuilders demonstrated regulations account for anywhere from 14% to 30% of the overall home price as shown in Figure 3. It is difficult to accurately estimate the relative contribution of regulation to the cost of housing in Oregon and Oregon cities. On average regulatory costs account for 25% of home prices. According to Zillow, the median sales price of homes in the Oregon in July 2016 was about \$290,000. Based on the NAHB research, the average contribution of regulation to the cost of a unit is about \$72,500.

In Oregon, cities have been assessing system development charges (SDCs) since the 1970s. According to the League of Oregon Cities (LOC), SDCs water and sewer remain the two most popular types of SDCs for responding cities, but SDCs can be used for a range of other services including stormwater, transportation, and parks.

The 2013 LOC survey found that 76% of responding cities charge at least one SDC and that most cities charge four or five SDCs. Estimating SDCs is very difficult because of the complexity of the formulas which are based on the type of development. The survey results show that SDCs for residential units can get into the tens of thousands of dollars. These costs are typically passed on to housing consumers through rents or purchase price.

Figure 3. Regulatory Costs as Share of Home Price



The NAHB paper also explains that the benefits of regulation are rarely discussed: “Governments presumably impose regulations under the belief that they will generate some benefits, but no attempt is made to estimate such possible benefits here.¹⁶” Municipalities have some flexibility to relax these regulations) to incentive development in certain neighborhoods or in an attempt to drive policy changes. For instance, decreasing the required number of parking spaces per unit for multi-family housing can reduce development costs thereby permitting more affordable housing.¹⁷ We note that SDCs are an imperative revenue source for Oregon cities for developing the infrastructure that supports housing development. The shift towards local funding of infrastructure has clearly impacted the regulatory costs related to housing, but are a necessity given diminished federal and state funding sources.

SUMMARY OF HOUSING COST STUDIES

In an attempt to better quantify the relative cost components of housing, the research team searched for studies that quantified the cost components of housing. Two sources were found: the National Association of Homebuilders (NAHB), and the Joint Center for Housing Studies at Harvard University (JCHS), both of whom produce annual reports. The JCHS publish *State of The Nations Housing*, an annual “report card” of housing affordability. The NAHB surveys thousands of homebuilders across the country in order to better understand market trends and subsequently report them to their stakeholders (e.g. homebuilders, lobbyists, etc.) Their data is membership driven and as such, full access requires a paid subscription. We have incorporated what information is available in their annual report summary.

¹⁶ Emrath, Paul (2016). *Government Regulation in the Price of a New Home*. Housing Economics/National Association of Homebuilders

¹⁷ King County Metro (2015). *Right Size Parking: Multi-Family Parking Strategies Toolkit*.

Single Family Homes

Table 1 contains the breakdown of cost components for single family homes from the 2015 survey of homebuilders across the country. Construction is by far the biggest percent of cost, at nearly 62%. As discussed above, it includes material and labor costs, as well as impact and permit fees. Finished lot cost is the next highest at 18% and is predominantly the cost of the land. Profit and other fees make up the remaining costs as described in the table.

Table 1. 2015 Cost Components of Single Family Homes, by NAHB

		Average Lot Size:	20,129
		Average Finished Area:	2,802
I. Sale Price Breakdown		Average	Share of Price
A. Finished Lot Cost (including financing cost)		\$85,139	18.2%
B. Total Construction Cost		\$289,415	61.8%
C. Financing Cost		\$6,285	1.3%
D. Overhead and General Expenses		\$26,345	5.6%
E. Marketing Cost		\$3,739	0.8%
F. Sales Commission		\$15,104	3.2%
G. Profit		\$42,292	9.0%
Total Sales Price		\$468,318	100%
II. Construction Cost Breakdown		Average	Share of Construction Cost
I. Site Work (sum of A to E)		\$16,092	5.6%
A. Building Permit Fees		\$3,601	1.2%
B. Impact Fee		\$1,742	0.6%
C. Water & Sewer Fees Inspections		\$4,191	1.4%
D. Architecture, Engineering		\$4,583	1.6%
E. Other		\$1,975	0.7%

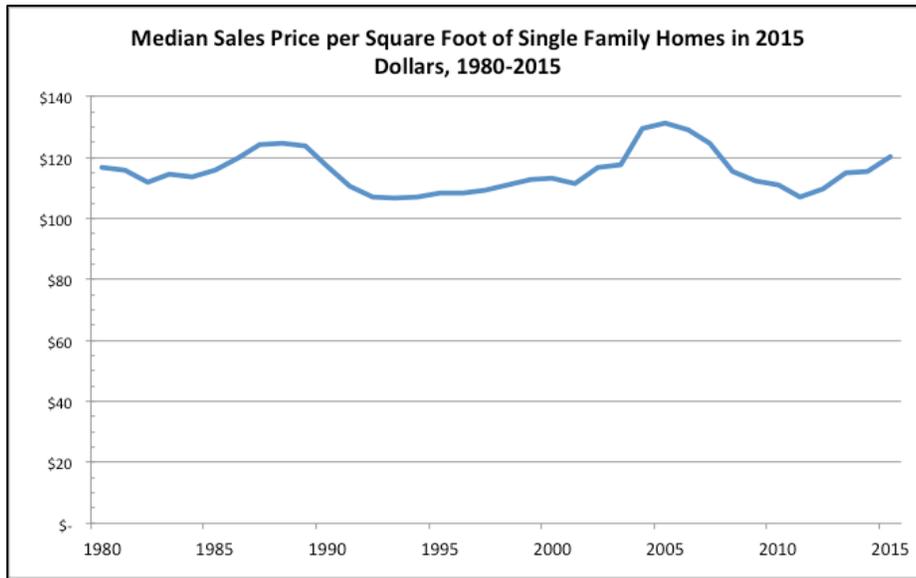
Source: NAHB Survey

The NAHB does split out regulatory costs other than those listed as part of the site work listed in Table 1. The above mentioned study on regulatory costs was conducted independently of the annual construction cost survey and thus makes it difficult to draw many conclusions from purely the cost breakdowns.

The table also includes average lot size and average finished size, which for the 2015 survey, was 20,129 square feet and 2,802 square feet, respectively. Based on the total sales price of \$468,318, the average cost per square foot was about \$167. It is clear that the NAHB survey responses reflect expensive homes on very large lots relative to what we observe in Oregon and compared with data from the JCHS. The price per square foot appears to be in the range observed in Oregon communities.

Figure 4 shows the price per square foot of single family homes over time, based on data from the JCHS. When adjusted for inflation, the value has remained relatively stable, averaging \$115/square foot over the last 35 years.

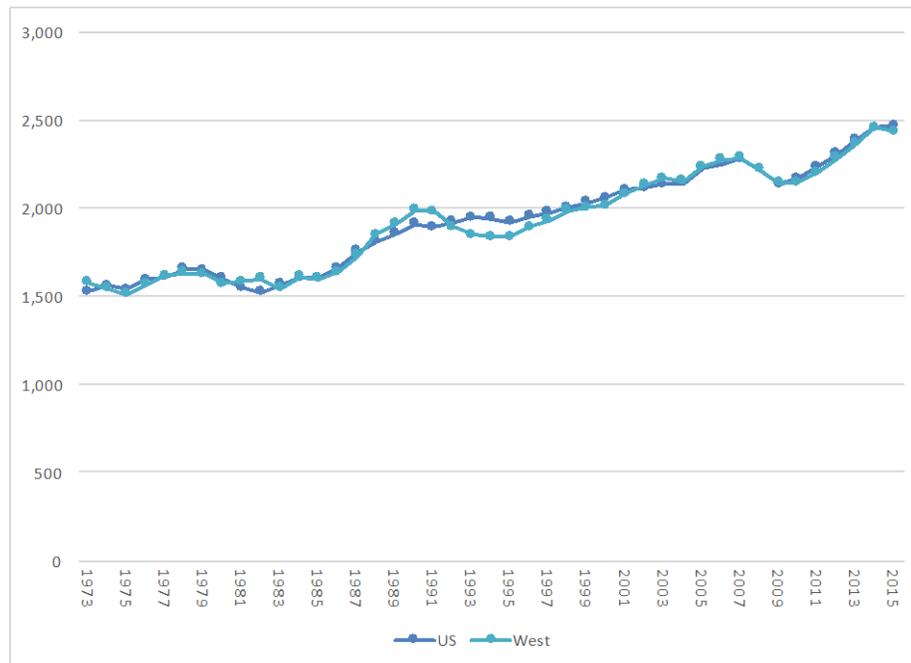
Figure 4. Price Per Square Foot of Single Family Homes, 1980-2015



Source: US Census

Single family residences are also increasing in size (Figure 5). The median size of a single-family dwelling in the U.S. increased from 1,525 square feet in 1973 to 2,467 square feet in 2015—a 62% increase and an increase of 942 square feet. The Western Region experienced similar trends with units increasing from 1,575 square feet in 1973 to 2,435 square feet in 2015. These increases clearly have impact on the overall cost of a unit; particularly construction costs.

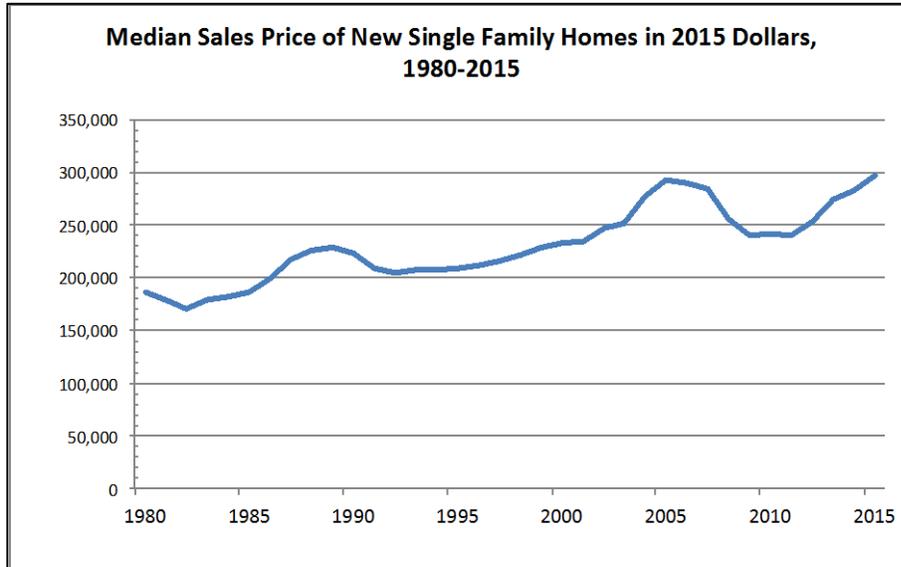
Figure 5. Single Family Home Size , 1973-2015



Source: US Census

The increase in square footage and stable price per square foot aligns with an increase in home price from \$190,000 to nearly \$300,000 over the same time period (see Figure 6).

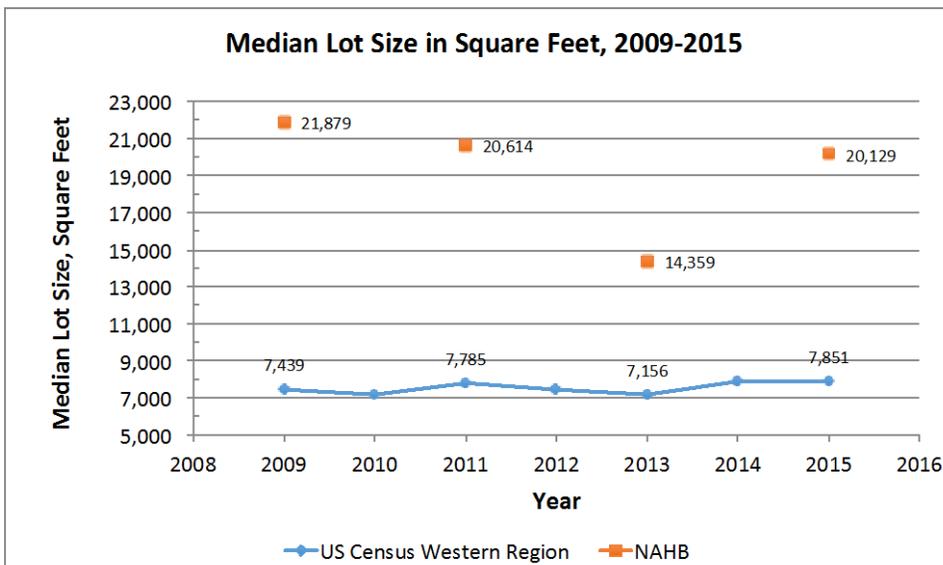
Figure 6. Median Sales Price of Single Family Homes, 1980-2015



Source: US Census

In terms of median lot size, data only exists dating back to 2009 (Figure 7). Over this time census data in the Western Region notes a relatively even trend in lot size, with a minor increase in the last 6 years. The NAHB data is more varied, and more closely corresponds with national averages. Average lot sizes tend to be twice as big in the Midwest region and three times as large in the Northeast region.

Figure 7. Median Lot Size in Square Feet, US Census Western Region and NAHB Survey, 2009-2015



Source: NAHB Survey and US Census

Table 2 shows the historical cost components over time for single-family homes, based on surveys by the National Association of Homebuilders. These values are based on percentage of overall cost, and as noted under sale price, the overall cost of building an average single-family home has more than doubled in 17 years – from \$226,680 to \$468,318.

The data show that the relative share of land cost to total cost decreased from 23.6% in 1998 to 18.2% in 2015. Despite accounting for a smaller share of overall unit cost, the dollar value of finished lot cost increased from \$77,788 in 2015 dollars (adjusted from \$53,496 in 1998 dollars) to \$85,233. Similarly, the share of construction costs increased from 54.8% to 61.8%, or in 2015 dollars, from \$180,628 to \$289,420.

Table 2. Cost Components of Single Family Homes over time, NAHB

Sale Price Breakdown	1998	2002	2004	2007	2009	2011	2013	2015
1. Finished Lot Cost	23.6%	23.5%	26.0%	24.5%	20.3%	21.7%	18.6%	18.2%
2. Total Construction Cost	54.8%	50.8%	51.7%	48.1%	58.9%	59.3%	61.7%	61.8%
3. Financing Cost	1.9%	2.1%	1.8%	2.4%	1.7%	2.1%	1.4%	1.3%
4. Overhead and General Expenses	5.7%	5.5%	5.8%	7.0%	5.4%	5.2%	4.3%	5.6%
5. Marketing Cost	1.4%	2.4%	1.9%	2.5%	1.4%	1.5%	1.1%	0.8%
6. Sales Commission	3.4%	3.7%	3.0%	4.3%	3.4%	3.3%	3.6%	3.2%
7. Profit	9.2%	12.0%	9.8%	11.2%	8.9%	6.8%	9.3%	9.0%
8. Total Sales Price (\$)	\$226,680	\$298,412	\$373,349	\$454,906	\$377,624	\$310,619	\$399,532	\$468,318

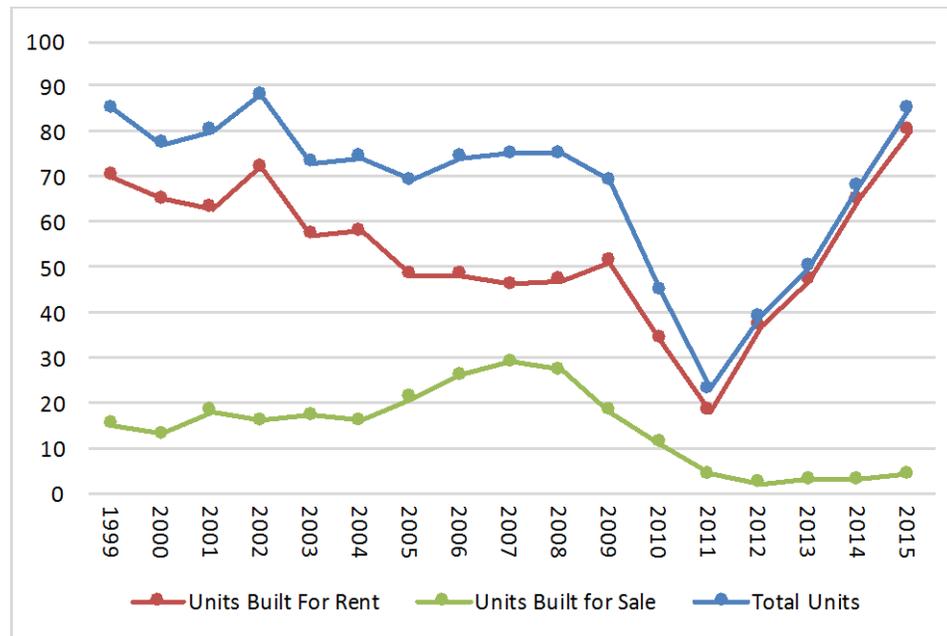
Source: NAHB Construction Cost Surveys, 1998-2013

This data is contradictory to values provided by the US Census. While home prices have increased over the same time period, Census data shows the median price has increased by 50%, while NAHB data shows an increase of 100% (e.g. doubling). This is most likely due to the difference between median and average values. While the Census data shows the median home price in 2015 was \$296,400 in the United States, the *average* sales price was \$360,600. In this sense, there are presumably more higher end homes being constructed by homebuilders, driving up average values presented in the NAHB, compared with median values presented in the Census.

Multifamily Housing

Multifamily housing is broadly considered an affordable alternative to single-family housing. Multifamily housing can be both renter- and owner-occupied. With respect to production of units, the Census Bureau’s Characteristics of Housing survey reported that 85,000 new multifamily units were constructed in the Western region in 2015. Figure 8 shows production of new multifamily housing units by Tenure in the Western Region between 1999 and 2015. The data show that construction of multifamily units averaged around 80,000 until 2009. Construction of new multifamily units plummeted in 2009 as a result of the housing collapse, bottoming out in 2011. The figures have since recovered. Notably, the number of units for sale peaked in 2008 and has averaged less than 4,000 annually since 2011.

Figure 8. Production of New Multifamily Housing Units, by Tenure, Western Region, 1999-2015



Source: U.S. Census Bureau, Characteristics of Housing

Table 3 shows the median size of multifamily dwellings by rental / sale status between 1999 and 2015. The data show that multifamily units are a little more than 1,000 square feet and that the size of multifamily units has not changed substantially over the recent past. Trends in the Western region are similar to national trends. Multifamily units for sale tend to be about 20% larger than units for rent.

Table 3. Median Size of Multifamily Dwellings by Type, 1999-2015

Year	United States			Western Region		
	All Units	Units Built for Rent	Units Built for Sale	All Units	Units Built for Rent	Units Built for Sale
1999	1,041	1,012	1,269	1,021	992	1,220
2000	1,039	1,014	1,272	1,022	984	1,228
2001	1,104	1,045	1,335	1,068	1,016	1,270
2002	1,070	1,034	1,302	1,030	999	1,263
2003	1,092	1,052	1,398	1,072	1,018	1,277
2004	1,105	1,048	1,363	1,052	1,007	1,267
2005	1,143	1,061	1,375	1,087	1,005	1,277
2006	1,172	1,090	1,381	1,147	1,025	1,324
2007	1,197	1,080	1,472	1,166	1,091	1,325
2008	1,122	1,049	1,355	1,153	1,046	1,353
2009	1,113	1,054	1,456	1,163	1,087	1,485
2010	1,110	1,071	1,307	1,004	961	1,215
2011	1,124	1,117	1,326	1,098	1,076	1,429
2012	1,098	1,081	1,466	1,054	1,047	1,271
2013	1,059	1,043	1,445	1,052	1,048	1,221
2014	1,073	1,080	1,432	1,035	1,046	1,250
2015	1,074	1,057	1,408	1,035	1,031	1,274

Source: U.S. Census Bureau, Characteristics of Housing

The UO Research Team was unable to find data on the specific cost components of multifamily housing in the standard data sources (i.e., U.S. Census Bureau) or in the literature.

Manufactured Housing

Manufactured housing is a type of single-family housing. The key distinction is that the dwelling is not built on site.¹⁸ The U.S. Census Bureau monitors manufactured housing activity in the Characteristics of New Housing survey. About 65,000 manufactured homes were built annually between 2007 and 2015. Between 66% and 75% of the units are located on private property (e.g., on individual lots). Forty percent of units are single-wides, with about 60% as double wides. The Census does not report statistics on triple-wide units. About 80% of manufactured units are titled as personal property.

The average size of new manufactured homes nationwide was 1,500 square feet between 2007 and 2015. The data vary less than 100 square feet from year-to-year. With respect to value, the Census statistics only present the value of the unit independent of land. In 2015, the average sales price of new manufactured homes in Oregon was \$80,300. The average for double wide units is reported at \$80,600 and the average for single-wide units at \$50,200.

Cost of Affordable Housing

Based on our research, the UO team concludes that research on the cost of constructing housing is thin and that it is very difficult to generalize. This conclusion is supported by a recent report by the Meyer Memorial Trust (MMT) titled *The Cost of Affordable Housing Development In Oregon*.¹⁹ MMT concluded that “comparing costs between different housing projects is difficult and complex – and often misleading. As MMT explains:

"Simple comparisons (for instance, dividing the total development cost of a project by the number of units) will almost always be highly misleading. A meaningful comparison must take into account an array of large and small factors: the cost of land in different locations, type of construction, any non-housing space, size of the units, etc. For this reason, we declined to try to specify a reasonable target for what an affordable project “should” cost. There are simply too many variables, and too many dynamic factors affecting costs to make a simple number meaningful."

MMT also concluded that developing affordable housing differs from market rate housing in ways that tend to add cost. This is a function of the size of the developments as well as the complexity of the projects and project partners. They also note that affordable housing developments provide important community and social benefits and that “affordable housing is never just about housing.” It typically includes features and services to support residents’ well-being that is not typically included in market rate housing.

MMT also finds that the financing models between affordable and market rate housing are fundamentally different. Affordable housing is not about rate of returns—it is more about meeting unmet needs. MMT identifies the following considerations when comparing affordable and market rate developments:

- Cost of land (and any other challenges related to the site itself – such as environmental issues or off-site improvements – that impacted the final cost)

¹⁸ A more detailed discussion of Manufactured Housing is included in the memo titled “Manufactured Dwellings and Manufactured Dwelling Part Trends”

¹⁹ <http://www.mmt.org/access-affordable-housing>

- Nature of construction – low rise wood frame construction will cost less than a taller concrete and steel building with an elevator
- Presence of any non-housing space, including commercial/office space in a mixed-use building or any non-rentable common area
- Unit mix (number of bedrooms) and unit size (square feet) affect costs, depending on the metric you use (see sidebar on “What’s the Right Metric?”)
- Lifecycle costs: decisions meant to minimize long-term operating costs or the need for recapitalization over time may increase upfront costs but still be “cost efficient” from a long-term perspective

The MMT study finds that developers on affordable housing projects typically budget 15% for developer fees. The study also finds that prevailing wages rates for publicly-subsidized projects can add cost as can design and local design review.

FINDINGS

Based on our research, the UO team has developed the following findings:

- **The relative cost components of home construction are easy to describe, but harder to quantify.** Conceptually, the elements that influence the cost of new home construction can be easily understood: the cost of land, labor, materials, and site development, etc. However, as most of these costs are borne by private businesses, there is little public information available on the individual cost components. Further, much of the research is spent on hedonic estimates of individual components (i.e. regulation or proximity to green space) as opposed to actual costs.
- **Regulation increases the cost of home construction, but can help pay for infrastructure and amenities important to housing consumers.** Land use regulations are imposed at a local level for a reason: to give municipalities the choice on how their community wishes to grow and develop. Some communities value higher regulations as a policy choice towards “livability.” Others choose growth and have more relaxed regulatory requirements. Additionally, building codes, which can be thought of as an imposed regulation, are not without reasons; they have been developed over decades of experience on life safety. When thinking about the costs of regulation, one must not forget the benefits, whether or not they are quantifiable
- **As average home size has increased and per square foot costs have increased slightly, the overall price of homes has also increased.** The data we’ve collected shows the average square foot cost of new home construction has increased by 42% over the last 20 years, or at an annual rate of 2.4%. In the same period, average size has increased by 28.8%, which results in an overall sales price increase of 68%. In contrast, the median per square foot cost has remained stable. This difference between median and average cost per square foot also means significantly more larger homes (greater than 2600 SF) are being constructed compared with smaller ones (less than 2600 SF).
- **Single-Family Dwellings are getting bigger.** This may be one of the most important components of cost and is driven by perceived market demand. Between 1973 and 2015, the average size of a single-family dwelling increased from 1,660 square feet in 1973 to 2,687 square feet in 2015. At the median sales price of about \$115/square foot, this equates to an additional per unit cost

of more than \$118,000. In short, if the market built smaller units, they would be more affordable.

- **Manufactured Homes are an affordable alternative to site built homes.** According to the Census Bureau’s Manufactured Housing Survey, the average sales price of all manufactured homes in 2015 was \$68,000 with an average per square foot cost of about \$48. The average size of a manufactured home was 1,430 square feet in 2015, down from 1,600 square feet in 2007.

The data on value and price suggest that home size has a measureable impact on overall housing price. Table 3 shows a comparison of cost and size for manufactured and single-family homes in 1995 and 2015 from the Census Bureau’s Characteristics of New Housing survey. The data show some interesting trends over the 20 year period.

The data show that costs of both manufactured and site built housing have increased, but the cost of site built housing increased more. The average sales price of manufactured homes increased by \$32,700 or 52% while the average sales price for site built homes increase \$201,900 or 68%. The average size of manufactured homes increase 70 square feet (4.4%) while the average size of site built homes increased nearly 700 square feet (29.4%).

The data show stark differences in the size and cost of units. In 1995, the average cost of a site built unit (without land) was almost \$93,000 more than a manufactured home. The difference increased to more than \$208,000 in 2015. The size of units appears to be a significant contributing factor to structure cost. In 1996, site built homes averaged nearly 700 square feet home than manufactured homes. This increased to 1,315 square feet in 2015. Moreover, the average cost per square foot is significantly higher for site built homes. In 1995, site built homes cost about \$36 per square foot more than manufactured homes. This increased to more than \$100 per square foot in 2015.

Table 4. Cost and Size Comparisons of Manufactured and Site-Built Homes, 1995 and 2015

Type	1995	2005	2015	Change (1995-2015)		
				Number	Percent	AAGR
Manufactured						
Avg. Sales Price	\$ 35,300	\$ 62,600	\$ 68,000	\$ 32,700	52.2%	0.8%
Avg. Square Feet	1,360	1,595	1,430	70	4.4%	-1.1%
Avg. Cost per Sq. Ft.	\$ 25.96	\$ 39.25	\$ 47.55	\$ 21.60	55.0%	1.9%
Site Built						
Avg. Sales Price	\$ 158,700	\$ 297,000	\$ 360,600	\$ 201,900	68.0%	2.0%
Derived Average Land Price	\$ 30,678	\$ 78,219	\$ 84,316	\$ 53,638	68.6%	0.8%
Derived Average Structure Price	\$ 128,022	\$ 218,781	\$ 276,284	\$ 148,262	67.8%	2.4%
Avg. Square Feet	2,050	2,366	2,745	695	29.4%	1.5%
Avg. Price per Sq Ft. (excl. land)	\$ 62.45	\$ 90.63	\$ 100.65	\$ 38.20	42.1%	1.1%
Difference (site built - manufactured)						
Average Structure Sales Price	\$ 92,722	\$ 156,181	\$ 208,284			
Avg. Square Feet	690	771	1,315			
Avg. Price per Sq Ft. (excl. land)	\$ 36.49	\$ 51.38	\$ 53.10			

Source: US Census via HUD

Multifamily dwellings are staying about the same size. According to the US Census Bureau, the average size of a multifamily unit in 2015 was 1,132 square feet, up from 1,104 square feet in 1999. The median size increased from 1,041 square feet in 1999 to 1,074 square feet in 2015. The Census Bureau does not collect data on construction or sales costs for multifamily dwellings. The UO Research Team was unable to access data on the specific cost components of multifamily housing from the NAHB due to membership requirements. We were unsuccessful searching other industry group and in the literature.



Oregon

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September 20, 2016

TO: Pilot UGB Expansion Process for Affordable Housing Rulemaking Advisory Committee

FROM: Dan Eisenbeis

RE: Types of Affordable Housing Allowed on Pilot Project Sites

HB 4079 directs the Land Conservation and Development Commission to “specify *types* [emphasis added] of affordable housing allowed on pilot project sites, including sites that are used as manufactured dwelling parks.”¹

Oregon statute discusses housing types in the context of “needed housing”, which is defined in ORS 197.303 as “housing types determined to meet the need...at particular price ranges and rent levels, including at least the following housing types:

- (a) Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;
- (b) Government assisted housing;
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;
- (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and
- (e) Housing for farmworkers.

In reviewing this issue, staff does not see any policy-related reason to deviate from the statutory definition of needed housing types when specifying housing types allowed on pilot project sites.

Staff recommends the rules for the pilot program specify that all housing types included in the statutory definition of “needed housing” that also meet the pilot program definition of “affordable housing” be allowed on as affordable housing on pilot project sites.

¹ Section 5(1)(b)



September 19, 2016

To | **HB 4079 Rulemaking Advisory Committee**
CC | **Dan Eisenbeis, Gordon Howard and Carrie MacLaren**
From | **Bob Parker, Rebecca Lewis & Andrew Martin**
SUBJECT | **MANUFACTURED DWELLINGS AND MANUFACTURED DWELLING PARK TRENDS**

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. Task 2 of our work program includes gathering information of manufactured dwellings and manufactured dwelling parks.

This memorandum focuses on two provisions of HB 4079:

SECTION 5. (1) The Land Conservation and Development Commission shall, by rule: (b) Specify types of affordable housing allowed on pilot project sites, including sites that are used as manufactured dwelling parks;

SECTION 5. (2) The commission shall specify by rule related requirements for affordable housing that may include a sales price or rental rate range, taking into consideration: (c) The need for sites to accommodate manufactured dwellings, as defined in ORS 446.003, due to the conversion of manufactured dwelling parks or mobile home parks in the region to other uses;

This memorandum starts with a definition of manufactured dwellings and a summary of the relevant statutory framework. According to the U.S. Census Bureau's Characteristics of Housing survey, about 65,000 manufactured homes were built annually in the U.S. between 2007 and 2015. Between 66% and 75% of the units are located on private property (e.g., on individual lots). Forty percent of units are single-wides, with about 60% as double wides. The Census does not report statistics on triple-wide units. About 80% of manufactured units are titled as personal property.

The average size of new manufactured homes nationwide was 1,500 square feet between 2007 and 2015. The data vary less than 100 square feet from year-to-year. With respect to value, the Census statistics only present the value of the unit independent of land. In 2015, the average sales price of new manufactured homes in Oregon was \$80,300. The average for double wide units is reported at \$80,600 and the average for single-wide units at \$50,200.

According to the U.S. Census and American Community Survey (ACS), mobile home/trailer units are decreasing as a share of housing in Oregon. In 1990, mobile homes/trailers accounted for 11.2% of all housing (133,721 of 1,193,567 units). By 2014, mobile homes/trailers accounted for 8.3% of all housing (139,459 of 1,685,814 units). In short, while the number of mobile homes/trailers increased modestly, the share of housing decreased by 3%; closure of manufactured home parks likely contributed to this trend.

DEFINITIONS AND STATUTORY FRAMEWORK

The State of Oregon has determined that manufactured dwellings are a needed housing type. The necessity of manufactured dwellings is further elaborated in Oregon Revised Statutes (ORS) 197.475:

The Legislative Assembly declares that it is the policy of this state to provide for mobile home or manufactured dwelling parks within all urban growth boundaries to allow persons and families a choice of residential settings.

As a result of the need for this type of housing, the state has established a number of definitions and statutes regarding the manufacture, sale, and siting of these types of units. With a few exceptions, cities must take into account this housing type when updating comprehensive plans and reviewing urban growth boundaries. More specifically, ORS 197.303(c) and (d) defines manufactured home parks and manufactured homes on individual lots as a needed housing type:

197.303 “Needed housing” defined. (1) As used in ORS 197.307, “needed housing” means housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels, including at least the following housing types:

(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;

(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and

In summary, the state statutorily requires communities to plan for manufactured housing as a needed housing type. Moreover, ORS 197.312 explicitly prohibits cities from prohibiting manufactured homes by charter:

197.312 Limitation on city and county authority to prohibit certain kinds of housing; zoning requirements for farmworker housing; real estate sales office. (1) A city or county may not by charter prohibit from all residential zones attached or detached single-family housing, multifamily housing for both owner and renter occupancy or manufactured homes.

Finally, ORS 197.314 establishes required siting criteria for manufactured homes. ORS 197.314(1) requires cities to allow manufactured dwellings on lots in all low-density single family zones (with certain exceptions):

197.314 Required siting of manufactured homes; minimum lot size; approval standards. (1) Notwithstanding ORS 197.296, 197.298, 197.299, 197.301, 197.302, 197.303, 197.307, 197.312 and 197.313, within urban growth boundaries each city and county shall amend its comprehensive plan and land use regulations for all land zoned for single-family residential uses to allow for siting of manufactured homes as defined in ORS 446.003. A local government may only subject the siting of a manufactured home allowed under this section to regulation as set forth in ORS 197.307 (8).

(2) Cities and counties shall adopt and amend comprehensive plans and land use regulations under subsection (1) of this section according to the provisions of ORS 197.610 to 197.651.

(3) Subsection (1) of this section does not apply to any area designated in an acknowledged comprehensive plan or land use regulation as a historic district or residential land immediately adjacent to a historic landmark.

(4) Manufactured homes on individual lots zoned for single-family residential use in subsection (1) of this section shall be in addition to manufactured homes on lots within designated manufactured dwelling subdivisions.

(5) Within any residential zone inside an urban growth boundary where a manufactured dwelling park is otherwise allowed, a city or county shall not adopt, by charter or ordinance, a minimum lot size for a manufactured dwelling park that is larger than one acre.

(6) A city or county may adopt the following standards for the approval of manufactured homes located in manufactured dwelling parks that are smaller than three acres:

(a) The manufactured home shall have a pitched roof, except that no standard shall require a slope of greater than a nominal three feet in height for each 12 feet in width.

(b) The manufactured home shall have exterior siding and roofing that, in color, material and appearance, is similar to the exterior siding and roofing material commonly used on residential dwellings within the community or that is comparable to the predominant materials used on surrounding dwellings as determined by the local permit approval authority.

The policy framework makes clear that the State supports development of manufactured housing and perceives it as a type of housing that local governments should allow and plan for.

Definitions of Manufactured Dwellings

Manufactured dwelling, as defined in ORS 446.003, includes a residential trailer, mobile home, or manufactured home. ORS 446.003 defines these terms as:

(24)(a) Manufactured home, except as provided in paragraph (b) of this subsection, means a structure constructed for movement on the public highways that has sleeping, cooking and plumbing facilities, that is intended for human occupancy, that is being used for residential purposes and that was constructed in accordance with federal manufactured housing construction and safety standards and regulations in effect at the time of construction.

(29) Mobile home means a structure constructed for movement on the public highways that has sleeping, cooking and plumbing facilities, that is intended for human occupancy, that is being used for residential purposes and that was constructed between January 1, 1962, and June 15, 1976, and met the construction requirements of Oregon mobile home law in effect at the time of construction.

(34) Residential trailer means a structure constructed for movement on the public highways that has sleeping, cooking and plumbing facilities, that is intended for human occupancy, that is being used for residential purposes and that was constructed before January 1, 1962.

The primary difference between these dwelling types and a recreational vehicle (RV) is that they are intended to be permanent, rather than seasonal or occasional dwellings. Regardless of whether or not they have a motor, recreational vehicles are not designed to the same standards as manufactured dwellings. Manufactured homes are subject to stricter federal standards for construction and safety than RVs. Any manufactured dwelling in Oregon must comply with safety and construction standards for the time when it was constructed.

The U.S. Census/ACS does not have a specific definition for manufactured homes. It has a housing type called “mobile home or trailers,” which are defined as follows:

As collected by the American Housing Survey, a manufactured/mobile home is defined as a housing unit that was originally constructed to be towed on its own chassis (also called HUD Code homes). It may be built in one or more sections. Since the sections are attached side-by-side at the home site, the number of sections determines the size of the final home. Size, therefore, is measured as the number of sections “wide.” A unit composed of two sections is a double-wide; three sections is a triple-wide, etc. Single-wide units come from the factory as one section. It also may have permanent rooms attached at its present site or other structural modifications. The term does not include prefabricated buildings, modular homes, travel campers, boats, or self-propelled vehicles like motor homes. Some people use the terms trailer or manufactured housing in the same sense as mobile homes. Manufactured/mobile homes, however, are not the same as modular/panelized homes.¹

The U.S. Census and Oregon definitions are comparable. While the Census may refer to these units as mobile homes, the units that are described are the same as manufactured dwellings.

Manufactured Dwelling and Mobile Home Parks

Manufactured dwellings are often sited together in mobile home or manufactured dwelling parks. ORS 446.003 defines manufactured dwelling parks as:

(23) Manufactured dwelling park means any place where four or more manufactured dwellings are located within 500 feet of one another on a lot, tract or parcel of land under the same ownership, the primary purpose of which is to rent or lease space or keep space for rent or lease to any person for a charge or fee paid or to be paid for the rental or lease or use of facilities or to offer space free in connection with securing the trade or patronage of such person.

(30) Mobile home park means any place where four or more manufactured structures are located within 500 feet of one another on a lot, tract or parcel of land under the same ownership, the primary purpose of which is to rent space or keep space for rent to any person for a charge or fee paid or to be paid for the rental or use of facilities or to offer space free in connection with securing the trade or patronage of such person.

Subdivisions of parcels with a single manufactured dwelling do not meet this definition. Manufactured dwelling parks are subject to a number of rules regulating the standards of the environment they must

¹ https://www.census.gov/glossary/#term_Manufacturedmobilehomes

maintain. These regulations cover the physical siting (e.g. they cannot be built on unsuitable land), minimum space allocations, and provision of utilities, among others.

According to data collected by the Oregon Department of Housing and Community Services, a large number of manufactured dwelling parks have closed in recent years. To alleviate some of the burden on park residents, the Oregon State Legislature passed a law in 2007 mandating notice and compensation to residents of parks closing due to redevelopment pressures. ORS 90.645 mandates that if a park closes due to conversion to another land use, unless by eminent domain, landlords must provide written notice of at least one year and also provide compensation based on the type of manufactured dwelling. Tax credits are available to families who are forced to relocate due to park closures.

Manufactured Dwellings on Lots

The state also has specific requirements for cities to plan for manufactured dwellings on lots. In many respects, these are treated like site built single family detached dwellings, but the statutes allow cities to adopt standards specific to manufactured dwellings. ORS 197.307(8) provides the specific statutory guidance:

197.307 Effect of need for certain housing in urban growth areas; approval standards for certain residential development; placement standards for approval of manufactured dwellings. (1) The availability of affordable, decent, safe and sanitary housing opportunities for persons of lower, middle and fixed income, including housing for farmworkers, is a matter of statewide concern.

(8) In accordance with subsection (4) of this section and ORS 197.314, a jurisdiction may adopt any or all of the following placement standards, or any less restrictive standard, for the approval of manufactured homes located outside mobile home parks:

(a) The manufactured home shall be multisectional and enclose a space of not less than 1,000 square feet.

(b) The manufactured home shall be placed on an excavated and back-filled foundation and enclosed at the perimeter such that the manufactured home is located not more than 12 inches above grade.

(c) The manufactured home shall have a pitched roof, except that no standard shall require a slope of greater than a nominal three feet in height for each 12 feet in width.

(d) The manufactured home shall have exterior siding and roofing which in color, material and appearance is similar to the exterior siding and roofing material commonly used on residential dwellings within the community or which is comparable to the predominant materials used on surrounding dwellings as determined by the local permit approval authority.

(e) The manufactured home shall be certified by the manufacturer to have an exterior thermal envelope meeting performance standards which reduce levels equivalent to the performance standards required of single-family dwellings constructed under the state building code as defined in ORS 455.010.

(f) The manufactured home shall have a garage or carport constructed of like materials. A jurisdiction may require an attached or detached garage in lieu of a

carport where such is consistent with the predominant construction of immediately surrounding dwellings.

(g) In addition to the provisions in paragraphs (a) to (f) of this subsection, a city or county may subject a manufactured home and the lot upon which it is sited to any development standard, architectural requirement and minimum size requirement to which a conventional single-family residential dwelling on the same lot would be subject.

Our interpretation is that the intent of these standards is twofold: (1) to provide a clear pathway for development of manufactured homes on lots, and (2) to ensure that manufactured homes on lots are compatible with transitional site build single-family dwellings.

INVENTORY

ORS 446.543 Section 2(c) requires Oregon Housing and Community Services (OHCS) to maintain a database of open manufactured dwelling parks and the number of spaces they contain. OHCS also maintains a list of park closures. Using data from the American Community Survey (ACS) and data obtained from OHCS we were able to determine some trends for this housing type.

Number of Households Living in Mobile Homes

The American Community Survey reports that for 2008-2012, 8.4% of Oregonian households reported living in mobile homes. This includes residents in manufactured dwelling parks, as defined above, and units that are on privately owned parcels. This housing type is more prevalent in certain regions of the state, as well as certain counties within those regions.

The Eastern and South Central regions have the highest proportion of residents living in mobile homes. Table 1 shows the proportion of households that live in mobile homes by region. The Portland Metro Region was included to show the disparity between that region and the rest of the state. Portland Metro is the only region below the state average for share of residents living in mobile homes.

Table 1. Number and Percent of Households in Mobile Homes in 2000 and 2008-2012

Region	Total Households 2000	Total Households 2008-2012	Change in Households	HH in Mobile Homes 2000	HH in Mobile Homes 2008-2012	Change in HH in Mobile Homes	% HH in Mobile Homes 2000	% HH in Mobile Homes 2008- 2012
Central	71,166	100,050	28,884	11,927	11,314	-613	16.8%	11.3%
Eastern	75,512	80,398	4,886	14,714	13,510	-1,204	19.5%	16.8%
Gorge	19,404	21,610	2,206	3,612	3,017	-595	18.6%	14.0%
North Coast	53,163	60,539	7,376	6,701	6,110	-591	12.6%	10.1%
Portland Metro	604,428	693,511	89,083	24,412	22,149	-2,263	4.0%	3.2%
South Central	32,882	37,150	4,268	6,765	6,493	-272	20.6%	17.5%
Southwestern	192,913	220,682	27,769	35,178	33,979	-1,199	18.2%	15.4%
Willamette Valley	403,241	459,653	56,412	46,423	43,196	-3,227	11.5%	9.4%
Total	1,452,709	1,673,593	220,884	149,732	139,768	-9,964	10.3%	8.4%

Source: 2000 Census and American Community Survey 2008-2012

All regions saw a decline in both the proportion of households in mobile homes and the absolute number of those households. The decline in absolute number of mobile homes was greater in some

areas than others. The Willamette Valley lost over 3,000 households in mobile homes (approximately 7% of the total number), while South Central Oregon lost less than 300 (approximately 4% of the total).

Perhaps more important in explaining the relative decline in households living in mobile homes is the overall growth of households in many regions. Between 2000 and 2008-2012, the number of households in Central Oregon grew by over 40%. Despite this enormous growth there was still a decline in the number of households living in mobile homes. Similar, but less dramatic, trends in overall growth occurred in most regions. The growth of households in all other housing types coupled with declines in mobile home households is greatly reducing the overall percentage of households in mobile homes. Nevertheless, mobile homes continue to make up a significant portion of the housing stock outside of the Portland Metro region.

The disparities between counties, even within regions, is much greater than that between regions. For instance, in the Gorge region, the ACS reports 8.2% of households in Hood River County reside in mobile homes, while in Sherman County, 28.2% of households reside in mobile homes. Several other counties have nearly twice the proportion of residents in mobile homes compared to their region, particularly in the Eastern and South Central regions. Appendix A has a complete listing of households in mobile homes by region and county.

Manufactured Park Closings

Despite the importance of this housing type for many Oregonians, 72 manufactured dwelling parks comprising 2,761 spaces have closed since the year 2000. Table 2 shows a breakdown by region of the current number of spaces in manufactured dwelling parks. Table 3 shows the number of park closures, spaces lost, and the percent of spaces that have been lost since 2000.

Table 2: Number of Spaces in Manufactured Dwelling Parks, by Region, 2016

Region	Number of Open Parks	Number of Current Spaces	Average Spaces per Park
Central	61	3,244	53
Eastern	98	4,213	43
Gorge	27	1,140	42
North Coast	62	2,343	38
Portland Metro	248	15,740	63
South Central	47	1,859	40
Southwestern	286	14,362	50
Willamette Valley	358	22,567	63
Total	1,187	65,468	55

Source: OHCS

Table 3: Number of Park Closures Between 2000 and 2016

Region	Number of Park Closures since 2000	Number of Lost Spaces	% of Spaces Lost
Central	8	327	9.2%
Eastern	4	69	1.6%
Gorge	3	54	4.5%
North Coast	3	93	3.8%
Portland Metro	22	1,497	8.7%
South Central	2	41	2.2%
Southwestern	13	328	2.2%
Willamette Valley	17	352	1.5%
Total	72	2,761	4.0%

Source: OHCS

It is evident that the state as a whole has lost a significant number of units in manufactured dwelling parks in the last 15 years. Not all regions have been similarly affected. The Portland Metro region, while outside of the scope of HB 4079 pilot projects, was included to show that the loss of these units is concentrated much more heavily in certain areas. More relevant to the bill, Central Oregon has lost the greatest proportion of spaces for manufactured dwellings of all regions. The Gorge has also lost a larger percentage than the state as a whole.

Even within regions, not all counties are experiencing the same rate of closure. Using Central Oregon as an example, Deschutes County lost 318 of the 327 total units lost. Crook County lost 9 units, and Jefferson County none. These two counties contain about 13% and 14% of the total number of units respectively, despite minimal losses. Similarly, all of the closures in the Gorge are in Hood River County, despite Wasco County having twice as many spaces.

Reasons for park closures include redevelopment pressures, but also changes in the return on investment for park owners and changes in ownership. One affordable housing advocate we spoke with noted that park closures were commonly due to redevelopment between 2005 and 2009, but has since been largely due to changes in ownership. As a new generation of park owners inherits the current inventory, they no longer wish to operate the dwelling parks.² Redevelopment pressure is also occurring from some municipalities as they seek to redevelop areas that were previously on the edge of town, but have since become more central.

Residents' purchase of parks also contributes to the loss of park spaces. To avoid redevelopment pressure and the potential closure of parks, some residents are forming cooperatives to purchase manufactured dwelling parks. Once residents own the land, the dwellings are classified as real property and the spaces no longer meet the definition of a manufactured dwelling park. This is an emerging trend, and will likely contribute to future loss of park space while also maintaining the inventory of manufactured dwelling units.³

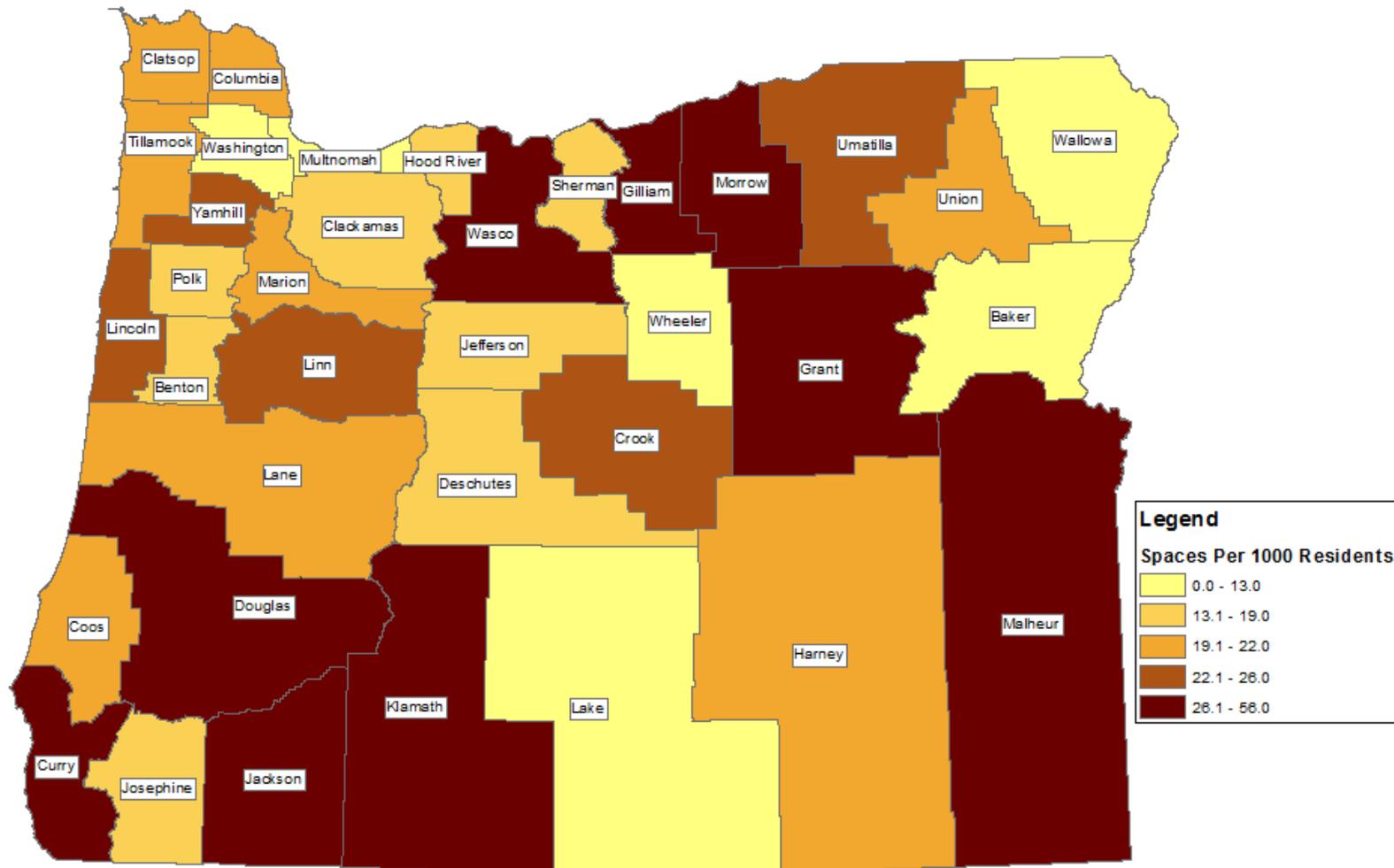
Manufactured Park Space Availability

This inventory of manufactured dwelling park spaces is similarly not distributed equally by region, even when controlling for differences in population. Using Portland State University population estimates for 2015, we normalized the number of manufactured dwellings per 1000 residents. Counties, even within regions, varied considerably. Figure 3 shows the number of manufactured dwelling park spaces per 1000 residents. Darker colors indicate a greater number of spaces per 1000 residents. Certain portions of the state clearly have a greater concentration of manufactured dwelling park units, however, even among regions, the distribution is not even. It is not clear why such discrepancies exist between counties much more than within regions.

² John van Landingham (Personal communication, 14 September 2016).

³ Ibid.

Figure 4: Manufactured dwelling park spaces per 1000 residents



Source: Community Service Center with data from OHCS and Portland State University

Mortgages

Many states classify manufactured housing as personal property rather than real property. ORS 308.875 codifies Oregon's approach that if the manufactured dwelling and land are owned by the same person, the unit is considered real property. Units in manufactured dwelling parks are considered personal property. This is an important consideration when considering financing of manufactured dwellings. Traditional mortgages are generally unavailable to many manufactured home owners, as their homes are not classified as real property.

The Housing and Economic Recovery Act of 2008 created a mandate for the Federal Housing Finance Agency (FHFA), the regulatory body of Fannie Mae and Freddie Mac, to take steps to improve the financing market for low-income families, including in the manufactured housing market. This rule applies to manufactured units considered real property, and part of the rule making process is to determine if the same requirements will be extended to personal property, which would include units in manufactured dwelling parks in Oregon.

The United States Department of Agriculture (USDA) also maintains a loan program to stimulate rural economic development. The Single Family Housing Guaranteed Loan Program allows the USDA to guarantee up to 90% of a mortgage, including for a manufactured dwelling, provided that the owner meets moderate or low-income requirements and the unit is in a qualifying rural area. The program requires the mortgage to be taken against real property. This is a limitation for manufacture homes as Census data suggests up to 80% are assessed as personal property.

Average Lifespan of Manufactured Dwellings

Manufactured housing is required to meet federal regulations set by the Department of Housing and Urban Development (HUD). HUD requirements went into effect in 1976 with the goal of improving the quality of manufactured housing. This had the effect of drastically improving the lifespan of manufactured housing. Pre-HUD requirements, units had a lifespan of approximately 19 years. Post-HUD code, studies estimate that the lifespan of a manufactured dwelling is around 55 years.⁴ Maintenance and upkeep must be performed in a similar fashion to site-built homes in order to realize the expected lifespan.

Zoning of Manufactured Home Parks

Table 4 summarizes the zoning of manufactured home parks (MHPs), using the Statewide Generalized Zoning layer. It is important to note that the Statewide Generalized Zoning layer has some gaps in coverage, resulting in a large share of some cities' land area classified as "blank." The Statewide Generalized Zoning Layer covers 85% of the land area of HB2254 jurisdictions. Properties with blank zoning are omitted from the table. The results show that 77% of MHPs are classified as residential while 16% are classified as commercial.

When examining by a more general zoning category, 43% are low density residential while 29% are high density residential.

⁴ Harris, J. C. and Carroll, J. (1998, April). "Manufactured Homes: More Attractive Than Ever." *Tierra Grande*. Retrieved from <https://assets.recenter.tamu.edu/documents/articles/1225.pdf>.

Table 4: Generalized Zoning for Manufactured Home Parks, Generalized Zones

Zone	Parcels	
	Count	Percent
Commercial	124	16%
Future Urban	2	0%
Industrial	20	3%
Public	3	0%
Residential	595	77%
High Density Residential	227	29%
Low Density Residential	336	43%
Mixed Use Residential	14	2%
Rural Residential	18	2%
Resource	29	4%
Total	773	100.0%

Source: DLCD Statewide Zoning; HB 2254 Tier 3 Database (Omits parcels with blank zoning, including 473 parcels) Includes Land Classification for last digit=7 mobile home parks.

Zoning and Density of Manufactured Homes

Table 5 summarizes the zoning of manufactured dwellings, using the Statewide Generalized Zoning layer. It is important to note that the Statewide Generalized Zoning layer has some gaps in coverage, resulting in a large share of some cities' land area classified as "blank." Properties with blank zoning are omitted from the table. The results show that 96% of manufactured homes are classified as residential.

Table 5 also shows average density of Mobile Homes, which is around 2 units per acre across all zones.

When examining by a more general zoning category, 76% are low density residential while 15% are high density residential.

Table 5: Generalized Zoning for Manufactured Homes, Generalized Zones

Zone	Parcels	
	Count	Percent
Combo	72	1%
Commercial	121	1%
Future Urban	15	0%
Industrial	84	1%
Public	17	0%
Residential	11,356	96%
High Density Residential	1724	15%
Low Density Residential	9018	76%
Mixed Use Residential	58	0%
Rural Residential	556	5%
Resource	130	1%
Total	11,795	100%

Source: DLCD Statewide Zoning; HB 2254 Tier 3 Database (Omits “blank” zoning, which constitutes 7990 parcels.) Includes parcels where land classification last digit = 9 (manufactured) and first digit is 1, 4 or 7 = residential, tract or multifamily.

The UO Research Team did not identify any data set that would allow simple analysis of the density of manufactured home parks. To get a general sense of densities, we used the OHCS database to identify park locations and then matched them to parcels by hand. This process was quite labor intensive, but resulted in a small sample that is probably representative of what densities look like statewide.

Table 6 shows the results of a sample of 32 manufactured home parks in the case study cities. All of the parks sampled were within UGBs. The analysis included 32 parks with 2,939 units. About two-thirds of the parks were family parks (e.g., not age restricted) and the remainder 55+ parks. The results show that the sample parks averaged 7.14 dwelling units per net acre. The median density was 7.93 dwelling units per net acre. The parks showed considerable variation in density, with the lowest being 3.39 units per net acre (this park was in Bend and included considerable open space) and the highest being 23.17 units per net acre. Family parks averaged about 1.4 units per acre more than 55+ parks.

Table 6. Average Density of Sample Manufactured Home Parks by Type

Type	Number of Parks	of Spaces	Acres	Average Density
55+	10	1,060	168	6.32
Family	22	1,879	244	7.71
Total	32	2,939	411	7.14

Source: OHCS Manufactured Home Park Inventory; ORMAP tax lot data; analysis by University of Oregon

IMPLICATIONS

In many locations, manufactured dwelling units are often considered more affordable than site built homes—a fact borne out in Census Characteristics of Housing survey data. HB 4079 explicitly states that manufactured homes should be considered when establishing the pilot program. To this end, it is important to understand the distribution of these units and the recent trend of closures.

The proportion of residents that live in manufactured housing varies widely across the state, even within regions. Whether the discrepancy in supply is due to lack of demand, regulatory barriers, or something else is unknown. The causes of this are unclear based on the data. However, it is clear that this housing type is especially important in certain places.

The number of residents living in manufactured dwelling units does not always correlate to the number of park spaces either. The disconnect between park space availability and proportion of residents in manufactured housing is apparent in all regions. This may indicate that park spaces are more desirable in some locations, or more difficult to build in others.

The fact that manufactured dwelling parks are closing in certain areas suggests that there may be unique dynamics causing the loss of units at a greater rate than the state generally. In Hood River County, there are comparatively few spaces for manufactured units on a per capita basis. Hood River County has also experienced a significant loss of spaces since 2000. Deschutes County faces a similar issue.

It is not clear what the dynamics behind these changes are. One plausible reason for a loss of spaces in these areas is that land has become valuable enough to trigger redevelopment into another use. This may explain why the legislature began requiring compensation when manufactured dwelling parks change uses. Other explanations, such as changes in housing preference are possible as well. What is clear is that this housing type is generally in decline, though in certain areas there is a clear loss of units.

Another consideration for the RAC is whether mobile home parks would be developed if the land was set aside for such a use. Given the overall decline, it may be possible that this type of use is unsustainable from an economic perspective. On the other hand, if the issue is that land prices are driving the closures, especially in certain areas, the pilot program may be an effective tool to create units that are affordable to a wide swath of income levels.

APPENDIX A: HOUSEHOLDS IN MANUFACTURED DWELLINGS BY COUNTY

Region/County	Total Households in 2000	HH in Mobile Homes in 2000	% of HH in Mobile Homes in 2000
Central	71,166	11,927	16.8%
Crook County	8,264	2,012	24.3%
Deschutes County	54,583	7,546	13.8%
Jefferson County	8,319	2,369	28.5%
Eastern	75,512	14,714	19.5%
Baker County	8,402	1,393	16.6%
Gilliam County	1,043	179	17.2%
Grant County	4,004	1,074	26.8%
Harney County	3,533	885	25.0%
Malheur County	11,233	2,086	18.6%
Morrow County	4,276	1,535	35.9%
Umatilla County	27,676	5,167	18.7%
Union County	10,603	1,523	14.4%
Wallowa County	3,900	710	18.2%
Wheeler County	842	162	19.2%
Gorge	19,404	3,612	18.6%
Hood River County	7,818	1,109	14.2%
Sherman County	935	282	30.2%
Wasco County	10,651	2,221	20.9%
North Coast	53,163	6,701	12.6%
Clatsop County	19,685	1,641	8.3%
Columbia County	17,572	2,857	16.3%
Tillamook County	15,906	2,203	13.9%
Portland Metro	604,428	24,412	4.0%
Clackamas County	136,954	11,543	8.4%
Multnomah County	288,561	6,184	2.1%
Washington County	178,913	6,685	3.7%
South Central	32,882	6,765	20.6%
Klamath County	28,883	5,572	19.3%
Lake County	3,999	1,193	29.8%
Southwestern	192,913	35,178	18.2%
Coos County	29,247	4,706	16.1%
Curry County	11,406	2,978	26.1%
Douglas County	43,284	9,364	21.6%
Jackson County	75,737	11,528	15.2%
Josephine County	33,239	6,602	19.9%
Willamette Valley	403,241	46,423	11.5%
Benton County	31,980	2,198	6.9%
Lane County	138,946	15,531	11.2%
Lincoln County	26,889	4,384	16.3%
Linn County	42,521	6,703	15.8%
Marion County	108,174	10,874	10.1%
Polk County	24,461	2,534	10.4%
Yamhill County	30,270	4,199	13.9%
Total	1,452,709	149,732	10.3%

Region/County	Total Households in 2008-2012	HH in Mobile Homes in 2008-2012	% of HH in Mobile Homes 2008-2012
Central	100,050	11,314	11.3%
Crook County	10,204	1,669	16.4%
Deschutes County	80,039	7,308	9.1%
Jefferson County	9,807	2,337	23.8%
Eastern	80,398	13,510	16.8%
Baker County	8,826	1,274	14.4%
Gilliam County	1,173	248	21.1%
Grant County	4,327	1,048	24.2%
Harney County	3,815	1,145	30.0%
Malheur County	11,675	1,949	16.7%
Morrow County	4,448	1,245	28.0%
Umatilla County	29,707	4,076	13.7%
Union County	11,444	1,710	14.9%
Wallowa County	4,101	605	14.8%
Wheeler County	882	210	23.8%
Gorge	21,610	3,017	14.0%
Hood River County	9,280	765	8.2%
Sherman County	900	254	28.2%
Wasco County	11,430	1,998	17.5%
North Coast	60,539	6,110	10.1%
Clatsop County	21,563	1,282	5.9%
Columbia County	20,639	2,599	12.6%
Tillamook County	18,337	2,229	12.2%
Portland Metro	693,511	22,149	3.2%
Clackamas County	156,933	9,752	6.2%
Multnomah County	324,192	6,657	2.1%
Washington County	212,386	5,740	2.7%
South Central	37,150	6,493	17.5%
Klamath County	32,737	5,250	16.0%
Lake County	4,413	1,243	28.2%
Southwestern	220,682	33,979	15.4%
Coos County	30,569	4,468	14.6%
Curry County	12,569	2,971	23.6%
Douglas County	48,775	8,820	18.1%
Jackson County	90,814	11,469	12.6%
Josephine County	37,955	6,251	16.5%
Willamette Valley	459,653	43,196	9.4%
Benton County	36,301	2,425	6.7%
Lane County	155,815	14,024	9.0%
Lincoln County	30,516	4,490	14.7%
Linn County	48,718	6,170	12.7%
Marion County	121,057	10,213	8.4%
Polk County	30,190	2,198	7.3%
Yamhill County	37,056	3,676	9.9%
Total	1,673,593	139,768	8.4%

APPENDIX B: MANUFACTURED HOME PARK DENSITY SAMPLE

County	Park Name	Park Type	Park Location	City	Spaces	Acres	Density
DESCHUTES	Country Sunset	Family	61445 SE 27th St 2601 NE Jack London St	Bend	148	31.2	4.74
BENTON	North Star Park MHC	Family		CORVALLIS	169	31.1	5.43
JOSEPHINE	Country Estates Suntree Village Mobile Home Park	55+	4571 Lower River Rd	GRANTS PASS	103	30.35	3.39
DESCHUTES		55+	1001 SE 15th St	BEND	214	27.31	7.84
LINCOLN	Longview Hills MHC	55+	450 NE 58th St	NEWPORT	169	26.3	6.43
BENTON	Meadow Park Mobile Estates	55+	277 NE Conifer Blvd	Corvallis	149	26.27	5.67
DESCHUTES	The Pines	Family	61000 Brosterhous Rd	BEND	202	24.14	8.37
UMATILLA	Chateaubri Mobile Home Park	Family	1030 SW 11th St	HERMISTON KLAMATH	119	19.36	6.15
KLAMATH	Emerald Estates	Family	4751 Bellm Drive	FALLS	100	17.36	5.76
LANE	Chalet Village MHC	55+	205 S 54th St., #119	SPRINGFIELD	121	16.17	7.48
MALHEUR	Treasure Valley Mobile Village	55+	26 Winegar Dr	ONTARIO	116	15.61	7.43
DESCHUTES	Fox Hills Mobile Home Court	Family	61058 Alopex Ln	BEND	62	14.58	4.25
BENTON	Knoll Terrace MHC - Corvallis	Family	5055 NE Elliott Circle 4800 North Pacific	Corvallis CENTRAL	212	13.86	15.30
JACKSON	Miller Estates	55+	Hwy	POINT	76	13.1	5.80
LANE	Granada Estates	Family	5335 Daisy St	Springfield	112	12.21	9.17
DESCHUTES	Juniper Hilltop MHP, LLC	Family	63930 N Hwy 97	BEND	53	12.11	4.38
UMATILLA	Dun Rollin Mobile Home Court	Family	445 East Jennie Ave	Hermiston	103	9.82	10.49
BENTON	Capri Villa	Family	755 NE Circle Blvd 2325 NW Highland Ave	CORVALLIS	82	8.93	9.18
JOSEPHINE	Country View Mobile Park	55+		Grants Pass	59	8.48	6.96
HOOD RIVER	Hood River Mobile Manor	Family	3300 Cascade	HOOD RIVER KLAMATH	48	7.69	6.24
KLAMATH	Aaspen Mobile Village	Family	3950 Homedale Rd	FALLS	96	7.13	13.46
MALHEUR	Cooper Country Mobile Estates	Family	759 NW 8th St	ONTARIO	50	6.49	7.70
LANE	Springfield Mobile Home Park	Family	1263 Main St	Springfield CENTRAL	80	5.78	13.84
JACKSON	Rustic Mobile Home & RV Park	Family	2161 Taylor Rd	POINT	45	5.25	8.57

County	Park Name	Park Type	Park Location	City	Spaces	Acres	Density
UMATILLA	Buttercreek Mobile Home Park	Family	1210 SW 11th St	Hermiston	40	4.98	8.03
MALHEUR	Idlewheels Trailer Park	Family	489 2nd Ave E 1275 Rogue River	Ontario	49	4.32	11.34
JOSEPHINE	Fruitdale Mobile Home	Family	Hwy	GRANTS PASS	40	2.63	15.21
UMATILLA	True Hill Mobile Home Park	Family	325 NW 11th	Hermiston	24	2.56	9.38
TILLAMOOK	Laurelwood Mobile Home Park	55+	3315 3rd St	Tillamook	25	2.47	10.12
LINCOLN	Surfside Mobile Village	55+	392 NW 3rd St	NEWPORT	28	1.56	17.95
LINCOLN	Eastside Trailer Court	Family	636 NE 2nd St	NEWPORT CENTRAL	26	1.51	17.22
JACKSON	Shady Oaks Trailer Park	Family	119 W Pine St	POINT	19	0.82	23.17



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September 20, 2016

TO: Pilot UGB Expansion Process for Affordable Housing Rulemaking Advisory Committee

FROM: Dan Eisenbeis

RE: **Definition of “Affordable Housing” and Authorization for Mixed-Income Housing Developments**

HB 4079 directs the Land Conservation and Development Commission (commission) to adopt rules for the pilot program to define “affordable housing.”¹ The legislation also provides the commission may “authorize mixed income housing developments that include affordable housing on pilot project sites.”²

Pilot project sites must “be dedicated to affordable housing; and...remain planned and zoned for affordable housing, except as otherwise provided” in rules that authorize mixed income housing developments.³ The purpose statements in HB 4079 also refer repeatedly to land “dedicated to affordable housing.”⁴ In context, these provisions suggest: 1) the primary purpose of pilot project sites is to provide for affordable housing, and 2) “affordable housing” is intended to be reserved for households of certain incomes and priced in a manner so that those households will not be housing cost-burdened.

In reviewing the qualifications for other government-assisted housing programs active in Oregon, it appears that the upper limit for such programs generally occurs at the 80% AMI level, with many programs requiring qualifying households to have household incomes at levels less than 80%. Government-assisted housing programs also seek to support affordability, i.e. housing costs that do not exceed 30% of the total household income. In reviewing the HUD CHAS cost-burden data compiled by the University of Oregon, at least half of renters and owners, respectively, in each region of Oregon are housing cost-burdened or severely cost-burdened.⁵ A flexible policy for the pilot program, allowing pilot project nominators to propose a percentage AMI threshold for the pilot project up to 80% of AMI for the relevant metropolitan service area or county, would set both an upper limit and allow project nominators flexibility to define housing affordability for the pilot project at a lower income level if specific project conditions warrant such a decision.

As is evident upon review of the “mixed-income” memo provided by the University of Oregon, there does not exist a clear answer to the question of what constitutes an optimal mix of housing reserved so as to be affordable to qualifying households and “market-rate” housing. Without such an answer,

¹ Section 5(1)(a).

² Section 5(3).

³ Section 6(3).

⁴ Section 3(1), Section 3(2), and Section 3(3).

⁵ University of Oregon memorandum to HB 4079 Rulemaking Advisory Committee. September 15, 2016. “Definitions of ‘Affordable Housing,’ Appendix D, pp. 21-22.

September 20, 2016

another option is to look at the actual statutory language. Land “dedicated to affordable housing” can be interpreted at a minimum as requiring that a majority of the housing provided on a pilot project site be developed as “affordable housing.” While this is a minimum requirement, project nominators should be encouraged to provide numbers and percentages of affordable housing units that are greater than a bare majority of the units, so as to better fulfill the objectives of the legislation.

Staff recommends that “affordable housing” be defined to mean dwelling units that may be purchased or rented, with or without government assistance, by households who meet applicable maximum income limits, not to exceed 80 percent of the area median income, adjusted for family size, as determined using information from the United States Department of Housing and Urban Development or its successor agency, and in a manner so the household will not be cost-burdened,.

Staff recommends that pilot program rules authorize mixed-income housing developments, if affordable housing constitutes a majority of the housing units proposed for and developed on the site. Staff also recommends that the rules be drafted to allow the commission to give special consideration to pilot project nominations that include a greater amount and ratio of affordable housing units.



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”**

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.”¹ 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 glossary² 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 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 Can Afford to Live in a

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

² Accessed electronically July 23, 2016 via https://www.huduser.gov/portal/glossary/glossary_a.html

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

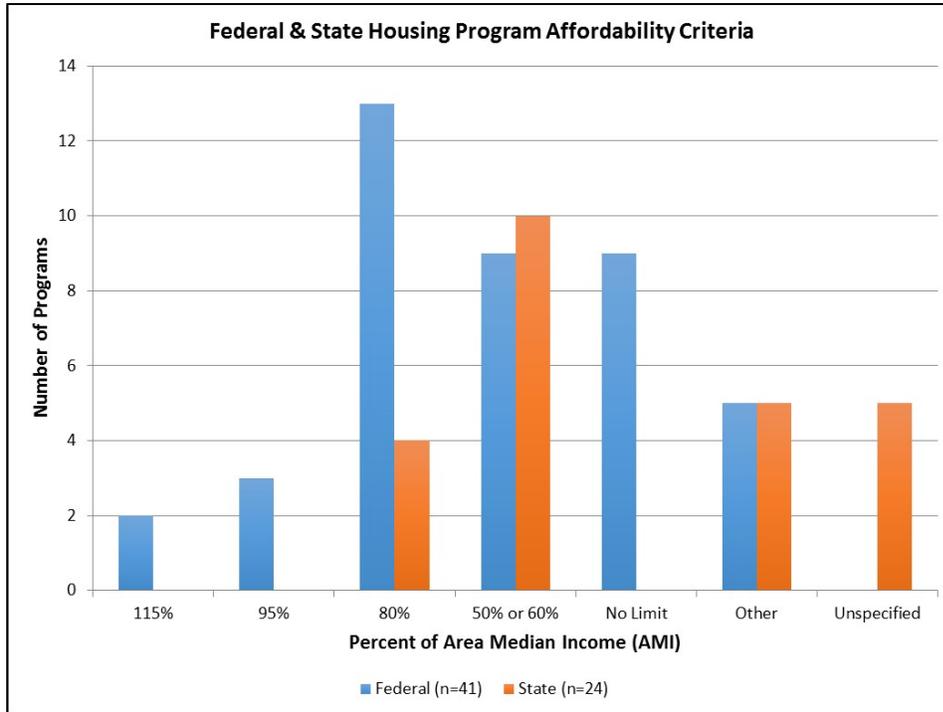
Using these definitions as a baseline, the research team examined how broadly they are used across various housing programs.

Utilization Across Programs

The research team examined federal and state housing programs to determine if 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

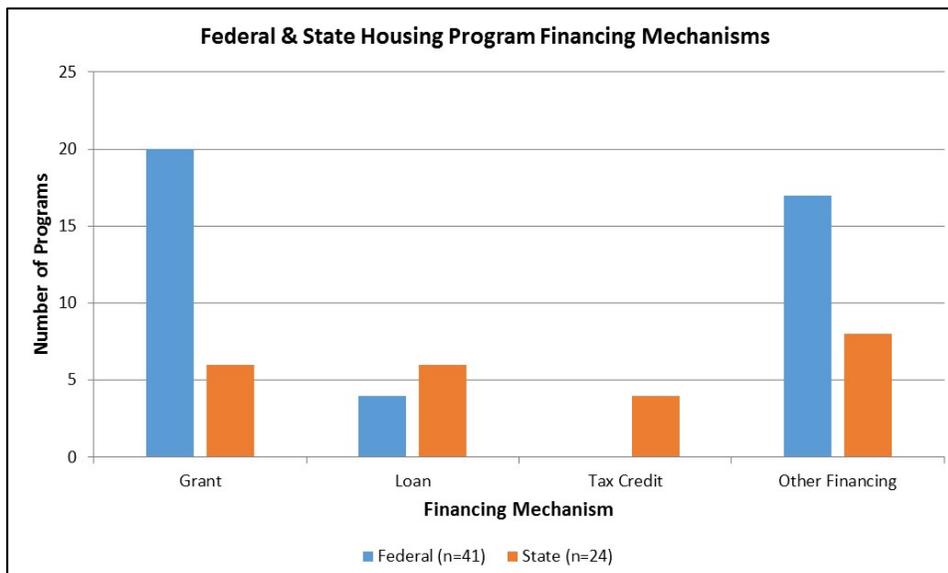
varying affordability thresholds (Figure 1). We loosely grouped these programs into three categories: loans, grants and tax credits (Figure 2). A full list of programs is provided in the Appendix.

Figure 1. Federal and State Housing Affordability Program Thresholds



Source: CSC

Figure 2. Federal and State Housing Program Financing Mechanisms



Source: CSC

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

The Oregon Housing and Community Services (OHCS) accepts 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.”³

State housing programs are administered through Oregon Housing and Community Services (OHCS). While varying some, OHCS uses affordability thresholds that coincides with HUD's. This threshold is 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).

Following reasonable logic, the question then becomes “why should any alternative definition be considered in the first place?” 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 that proves this widely used definition of affordability has some inherent

³ 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>

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 critiques⁴ of the use of the 30% income threshold to define housing affordability. Presenting these critiques is a necessary step to identify the weaknesses and potential downfalls of this measure. Accordingly, Pivo's critiques can be outlined as the following:

1. *Shelter Poverty Critique*, coined by Stone (1993)⁵, 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 stands to claim that households unable to afford non-housing essentials are unable to do so because their housing is too expensive but because their income is too low. Thus, for these households, the 30% threshold is placed too high.
2. *Area Affordability Critique*, laid claim by Fisher et al (2009)⁶, 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)⁷, 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.

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

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

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

⁷ 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, we have included two of the more robust measures and discussed their limitations.

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, to implement 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 United States. Put another way, when transportation costs are factored in, approximately 87 million people no longer have access to affordable housing.⁸

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%), a nonprofit in Santa Fe, NM is showing prospective homebuyers how to use it to help them decide where to live, while 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 does provide 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. Specific to the language in HB 4079, the pilot sites will be at the edge of the urban growth boundary. In this sense, transportation costs are less controllable, and furthermore, the siting can be done to accommodate transportation options (i.e. locating the site near transit access and bicycle facilities, etc.).

Oregon Inclusionary Zoning Bill (Senate Bill 1533)

Senate Bill 1533, passed in the most recent legislative season, 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 higher 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.

⁸ 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 their own definition. The 80% threshold is popular across federal programs, as illustrated in Figure 1. Federal and State Housing Affordability Program Thresholds Figure 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: i.e., 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 terms⁹:

- **Concepts** are measured indirectly through **indicators** specified by **operational definitions** (in our example, 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 RAC 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 affordable¹⁰ 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 states is:

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

As well as the definition of house:

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

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

: 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 glossary¹¹:

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.

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.

¹¹ Accessed electronically July 23, 2016 via https://www.huduser.gov/portal/glossary/glossary_a.html

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.¹²

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

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

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

¹³ The discussion of positive and negative impacts of regulation is a topic for another time; however, the point here is that significant evidence suggests regulation as 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.

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.

This is true in Oregon. The Oregon Housing and Community Services (OHCS) accepts 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.”¹⁴

Following reasonable logic, the question then becomes “why should any alternative definition be considered in the first place?” 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 that proves this widely used definition of affordability has some inherent flaws. These critiques and alternative measures are discussed more in the body of the memorandum.

We address the critiques in the memorandum, and offer alternative measures of affordability in the following section.

¹⁴ 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>

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 typical family (one earning the median family income) can earn enough to qualify for a mortgage loan on a typical home (median-priced, single-family home) at the national and regional level. The measurement is based on monthly or quarterly price and 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), 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 is that it still utilizes HUD’s 30% of income threshold and does not compute 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.¹⁵

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%), a nonprofit in Santa Fe, NM is showing prospective homebuyers how to use it to help them decide where to live, while 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.

¹⁵ 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 most recent legislative season, 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 higher 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 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

Cost Burden by Income Group by Tenure (2009-2013 County CHAS)

		Not Cost Burden		Cost Burden		Severe Cost Burden		Cost Burden + Severe Cost Burden		Total (NCB + CB + SCB)	
North Coast											
<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%
Gorge											
<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%
Eastern											
<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%
South Central											
<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%

Cost Burden by Income Group by Tenure (2009-2013 County CHAS)

	Not Cost Burden		Cost Burden		Severe Cost Burden		Cost Burden + Severe Cost Burden		Total (NCB + CB + SCB)		
Southwestern											
	< 30% AMI	520	8%	955	15%	4,695	76%	5,650	92%	6,170	100%
<i>Owner-Occupied</i>	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%
	< 30% AMI	1,850	16%	1,095	9%	8,750	75%	9,845	84%	11,695	100%
<i>Renter-Occupied</i>	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%
Willamette Valley											
	< 30% AMI	980	13%	1,100	14%	5,690	56%	6,790	71%	7,770	83%
<i>Owner-Occupied</i>	30-50% AMI	4,850	39%	3,150	25%	4,380	42%	7,530	68%	12,380	107%
	50-80% AMI	12,160	53%	5,600	24%	5,230	9%	10,830	33%	22,990	86%
	80-100% AMI	9,125	57%	4,815	30%	2,005	15%	6,820	45%	15,945	103%
	> 100% AMI	93,770	84%	15,885	14%	2,425	16%	18,310	31%	112,080	114%
	< 30% AMI	2,350	11%	1,610	7%	18,370	40%	19,980	47%	22,330	58%
<i>Renter-Occupied</i>	30-50% AMI	3,425	18%	6,240	34%	8,940	17%	15,180	51%	18,605	69%
	50-80% AMI	8,105	37%	10,295	48%	3,230	1%	13,525	49%	21,630	86%
	80-100% AMI	6,935	71%	2,575	26%	294	4%	2,869	31%	9,804	101%
	> 100% AMI	27,435	92%	1,820	6%	425	0%	2,245	6%	29,680	99%
Central											
	< 30% AMI	135	6%	170	8%	1,940	86%	2,110	94%	2,245	100%
<i>Owner-Occupied</i>	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%
	< 30% AMI	335	10%	300	9%	2,825	82%	3,125	90%	3,460	100%
<i>Renter-Occupied</i>	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%
State											
	< 30% AMI	2,409	11%	3,264	15%	15,930	74%	19,194	89%	21,603	100%
<i>Owner-Occupied</i>	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%
	< 30% AMI	6,443	13%	4,129	8%	38,215	78%	42,344	87%	48,787	100%
<i>Renter-Occupied</i>	30-50% AMI	8,955	19%	16,460	35%	21,788	46%	38,248	81%	47,203	100%
	50-80% AMI	21,115	39%	25,125	47%	7,544	14%	32,669	61%	53,784	100%
	80-100% AMI	18,320	70%	6,935	27%	739	3%	7,674	30%	25,994	100%
	> 100% AMI	66,910	92%	4,276	6%	1,260	2%	5,536	8%	72,446	100%

Cost Burden by Cumulative Income Group by Tenure (2009-2013 County CHAS)

	Not Cost Burden		Cost Burden		Severe Cost Burden		Cost Burden + Severe Cost Burden		Total (NCB + CB + SCB)		
North Coast											
<i>Owner-Occupied</i>	< 30% AMI	135	9%	265	18%	1,070	73%	1,335	91%	1,470	100%
	<50 AMI	1,175	28%	1,000	24%	2,000	48%	3,000	72%	4,175	100%
	<80 AMI	3,935	44%	2,105	24%	2,870	32%	4,975	56%	8,910	100%
	<100 AMI	5,845	48%	3,025	25%	3,230	27%	6,255	52%	12,100	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%
	<50 AMI	1,355	24%	1,390	25%	2,905	51%	4,295	76%	5,650	100%
	<80 AMI	2,555	30%	2,695	32%	3,170	38%	5,865	70%	8,420	100%
	<100 AMI	3,810	38%	3,065	30%	3,240	32%	6,305	62%	10,115	100%
	> 100% AMI	3,530	95%	150	4%	25	1%	175	5%	3,705	100%
Gorge											
<i>Owner-Occupied</i>	< 30% AMI	69	16%	100	23%	265	61%	365	84%	434	100%
	<50 AMI	359	27%	415	31%	560	42%	975	73%	1,334	100%
	<80 AMI	1,619	48%	915	27%	810	24%	1,725	52%	3,344	100%
	<100 AMI	2,434	51%	1,290	27%	1,029	22%	2,319	49%	4,753	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%
	<50 AMI	500	22%	639	28%	1,140	50%	1,779	78%	2,279	100%
	<80 AMI	1,320	36%	1,054	29%	1,250	34%	2,304	64%	3,624	100%
	<100 AMI	2,070	46%	1,134	25%	1,260	28%	2,394	54%	4,464	100%
	> 100% AMI	1,790	94%	64	3%	50	3%	114	6%	1,904	100%
Eastern											
<i>Owner-Occupied</i>	< 30% AMI	320	13%	554	23%	1,565	64%	2,119	87%	2,439	100%
	<50 AMI	2,195	35%	1,583	25%	2,509	40%	4,092	65%	6,287	100%
	<80 AMI	6,730	50%	3,327	25%	3,373	25%	6,700	50%	13,430	100%
	<100 AMI	10,025	57%	4,147	23%	3,510	20%	7,657	43%	17,682	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%
	<50 AMI	2,518	24%	2,805	27%	5,029	49%	7,834	76%	10,352	100%
	<80 AMI	5,653	37%	4,370	29%	5,273	34%	9,643	63%	15,296	100%
	<100 AMI	8,133	45%	4,516	25%	5,273	29%	9,789	55%	17,922	100%
	> 100% AMI	5,740	99%	23	0%	15	0%	38	1%	5,778	100%
South Central											
<i>Owner-Occupied</i>	< 30% AMI	250	23%	120	11%	705	66%	825	77%	1,075	100%
	<50 AMI	1,015	33%	575	19%	1,470	48%	2,045	67%	3,060	100%
	<80 AMI	3,070	48%	1,360	21%	1,945	31%	3,305	52%	6,375	100%
	<100 AMI	4,600	53%	1,890	22%	2,130	25%	4,020	47%	8,620	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%
	<50 AMI	730	16%	1,120	25%	2,579	58%	3,699	84%	4,429	100%
	<80 AMI	1,915	29%	2,030	30%	2,744	41%	4,774	71%	6,689	100%
	<100 AMI	2,600	34%	2,174	29%	2,764	37%	4,938	66%	7,538	100%
	> 100% AMI	2,580	92%	179	6%	45	2%	224	8%	2,804	100%

Cost Burden by Cumulative Income Group by Tenure (2009-2013 County CHAS)

	Not Cost Burden		Cost Burden		Severe Cost Burden		Cost Burden + Severe Cost Burden		Total (NCB + CB + SCB)		
Southwestern											
<i>Owner-Occupied</i>	< 30% AMI	520	8%	955	15%	4,695	76%	5,650	92%	6,170	100%
	<50 AMI	4,295	25%	4,215	24%	8,925	51%	13,140	75%	17,435	100%
	<80 AMI	15,185	41%	8,725	23%	13,385	36%	22,110	59%	37,295	100%
	<100 AMI	22,785	46%	11,930	24%	15,340	31%	27,270	54%	50,055	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%
	<50 AMI	3,620	15%	5,130	21%	15,590	64%	20,720	85%	24,340	100%
	<80 AMI	8,435	22%	12,495	32%	18,270	47%	30,765	78%	39,200	100%
	<100 AMI	12,800	27%	15,495	33%	18,565	40%	34,060	73%	46,860	100%
	> 100% AMI	18,655	90%	1,395	7%	630	3%	2,025	10%	20,680	100%
Willamette Valley											
<i>Owner-Occupied</i>	< 30% AMI	980	13%	1,100	14%	5,690	73%	6,790	87%	7,770	100%
	<50 AMI	5,830	29%	4,250	21%	10,070	50%	14,320	71%	20,150	100%
	<80 AMI	17,990	42%	9,850	23%	15,300	35%	25,150	58%	43,140	100%
	<100 AMI	27,115	46%	14,665	25%	17,305	29%	31,970	54%	59,085	100%
	> 100% AMI	93,770	84%	15,885	14%	2,425	2%	18,310	16%	112,080	100%
<i>Renter-Occupied</i>	< 30% AMI	2,350	11%	1,610	7%	18,370	82%	19,980	89%	22,330	100%
	<50 AMI	5,775	14%	7,850	19%	27,310	67%	35,160	86%	40,935	100%
	<80 AMI	13,880	22%	18,145	29%	30,540	49%	48,685	78%	62,565	100%
	<100 AMI	20,815	29%	20,720	29%	30,834	43%	51,554	71%	72,369	100%
	> 100% AMI	27,435	92%	1,820	6%	425	1%	2,245	8%	29,680	100%
Central											
<i>Owner-Occupied</i>	< 30% AMI	135	6%	170	8%	1,940	86%	2,110	94%	2,245	100%
	<50 AMI	1,285	21%	920	15%	3,890	64%	4,810	79%	6,095	100%
	<80 AMI	4,060	33%	2,480	20%	5,885	47%	8,365	67%	12,425	100%
	<100 AMI	6,110	37%	3,805	23%	6,695	40%	10,500	63%	16,610	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%
	<50 AMI	900	11%	1,655	21%	5,450	68%	7,105	89%	8,005	100%
	<80 AMI	2,755	20%	4,925	35%	6,300	45%	11,225	80%	13,980	100%
	<100 AMI	4,605	28%	5,545	34%	6,350	38%	11,895	72%	16,500	100%
	> 100% AMI	7,180	91%	645	8%	70	1%	715	9%	7,895	100%
State											
<i>Owner-Occupied</i>	< 30% AMI	2,409	11%	3,264	15%	15,930	74%	19,194	89%	21,603	100%
	<50 AMI	16,154	28%	12,958	22%	29,424	50%	42,382	72%	58,536	100%
	<80 AMI	52,589	42%	28,762	23%	43,568	35%	72,330	58%	124,919	100%
	<100 AMI	78,914	47%	40,752	24%	49,239	29%	89,991	53%	168,905	100%
	> 100% AMI	240,890	84%	38,393	13%	6,990	2%	45,383	16%	286,273	100%
<i>Renter-Occupied</i>	< 30% AMI	6,443	13%	4,129	8%	38,215	78%	42,344	87%	48,787	100%
	<50 AMI	15,398	16%	20,589	21%	60,003	63%	80,592	84%	95,990	100%
	<80 AMI	36,513	24%	45,714	31%	67,547	45%	113,261	76%	149,774	100%
	<100 AMI	54,833	31%	52,649	30%	68,286	39%	120,935	69%	175,768	100%
	> 100% AMI	66,910	92%	4,276	6%	1,260	2%	5,536	8%	72,446	100%

APPENDIX E: FEDERAL AND STATE HOUSING AFFORDABILITY PROGRAMS

Starts on next page.

Federal Programs

Program Name	Description	Program Type	Affordability Threshold	AMI
Capacity Building for Community Development and Affordable Housing	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
Choice Neighborhoods	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
Community Development Block Grant (including CDBG-DR, CDBG Sections 107/108, CDBG for non-entitlement areas, and CDBG for Insular Areas)	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
Continuum of Care Program	grants to support the re-housing of people experiencing homelessness	Grant	people experiencing homelessness	none
Emergency Solutions Grants (ESG)	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	
Family Self-Sufficiency Programs	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	HCV recipients	at or below 50% AMI
FHA HECM	The Home Equity Conversion Mortgage program insures reverse mortgages that allow elderly borrowers to convert equity into monthly income or lines or credit.	mortgage insurance	none	none
FHA Single Family Housing Program: Energy Efficient Mortgage	federal mortgage insurance to finance the cost of energy efficiency measures	Loan	none	NONE
FHA Single Family Housing Program: HAMP	The Home Affordable Modification Program provides loan modification to help reduce monthly mortgage payments and avoid foreclosure	Mortgage Adjustment	none	none
FHA: Insurance for Adjustable Rate Mortgages (ARMs)	Federal mortgage insurance for adjustable rate mortgages,	mortgage insurance	none	none
Good Neighbor Next Door	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

HOME Investment Partnerships	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
Homeownership Voucher program	Help for Housing Choice Voucher families buying homes.	Grant	same as HCV	75% of residents must be at or below 30% AMI; others are VLI, 50% AMI
HOPWA	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
Housing Choice Voucher Program	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
Housing Preservation and Revitalization Demonstration Loans and Grants	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
Housing Trust Fund	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
HUD-VASH	Combines HCVs and project-based rental assistance with supportive services for veterans experiencing homelessness	Grant	VLI homeless Veterans	unclear
Manufactured Homes Loan Insurance	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
Mark-to-Market Program	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
Moving to Work	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
Multifamily Rental Housing for Moderate-Income Families (Section 221(d)(3) and (4))	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
Mutual Self-Help Housing Technical Assistance Grants	Provides grants to organizations to carry out self-help housing construction projects	Grant	Low income and Very low income; priority to VLI households	priority to households at or below 50% AMI

Public Housing Homeownership (Section 32)	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
Rural Capacity Building for Community Development and Affordable Housing	Helps rural CDCs, CHDOs, local govt, and housing development organizations undertake community development activities	Grant	UNSURE		below or at 95% AMI
Rural Housing Preservation Grants	It provides grants to sponsoring organizations for the repair or rehabilitation of housing occupied by low and very low income (1)people. Rural Housing site loans provide two types of loans to purchase and develop housing sites for low- and moderate-income families:	Grant	LI and VLI		50-80% AMI; below \$5500 above the low-income limit
Rural Housing Site Loans		Loan	Low and moderate income		50-80% AMI; below \$5500 above the low-income limit
Rural Housing Stability Assistance Program	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
Rural Housing: Single Family Housing Direct Home Loans (Section 502)	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
Rural Housing: Single Family Housing Guaranteed loans program	Assists lenders in providing homloans to low and moderate income households	Loan guarantee	low and moderate income		at or below 115% AMI
Rural: MF Housing Direct Loans	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
Rural: MF Housing Loan Guarantee	provide 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
Rural: MF Housing Rental Assistance	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
Section 202	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

Section 8 Project-Based Rental Assistance	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
Section 8 SRO program	funds moderate rehabilitation of SROs for people experiencing homelessness; part of COC program	Grant (annual contribution)	very low-income single experiencing homelessness	at or below 50% AMI
Section 811	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,
Self-Help Opportunity Program	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
Shelter Plus Care	Rental assistance for homeless people with disabilities; part of COC program	Grants	people experiencing homelessness	people experiencing homelessness
Supportive Housing Program	Funds development of supportive housing to assist people transition out of homelessness; part of COC program	Grants	people experiencing homelessness	people experiencing homelessness
Surplus Property to Use to Assist the Homeless	makes vacant, utilized 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
Agriculture Workforce Housing Tax Credit Program	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
Downpayment Assistance Program/Residential Loan Program	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	
Elderly and Disabled (E & D) Loan Program	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
Emergency Housing Account (EHA)	To assist persons who are homeless or at risk of becoming homeless.	Grant	LI, VLI	No greater than 80% AMI
Emergency Solutions Grant (ESG)	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
General Housing Account Program (GHAP)	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
HELP Grant Program	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	50% of the area median income
Housing Development Grant ("Trust Fund") Program	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
Loan Guarantee Programs (Loan Guarantee and the General (Lease) Guarantee Programs)	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
Local Innovation and Fast Track (LIFT) Housing Program	To build new affordable housing.	Bonds	LI	households earning at or below 60% AMI
Low Income Housing Tax Credit (LIHTC)	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.
Low Income Rental Housing Fund (LIRHF)	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

Low Income Weatherization Program (LIWP)	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
Oregon Affordable Housing Tax Credit Program (OAHTC)	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
Oregon Bond Loan Program	Provides tax-exempt revenue bonds to finance below market rate mortgage loans for qualified first-time homebuyers.	Loan	Varies by County	Varies by County
Oregon Energy Assistance Program	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
Oregon Homeowner Stabilization Initiative	To provide a new opportunity for underwater homeowners to refinance their mortgage.	Mortgage refinance		
Oregon Individual Development Account Initiative Program	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
Oregon Rural Rehabilitation (ORR) Loan Program	(ORR) Loan Program is exclusively designed for developing or rehabilitating farmworker housing.	Loan	UNSURE	UNSURE
Pass-Through Revenue Bond (Conduit)	Provides funds to finance the construction, rehabilitation and acquisition of multi-unit affordable housing	Bond	LI	UNSURE
Risk Sharing Loan Program	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
State Housing Assistance Program (SHAP)	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
Vertical Housing Program	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
Wildfire Damage Housing Relief	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



September 6, 2016

To | **HB 4079 Rulemaking Advisory Committee**
CC | **Dan Eisenbeis, Gordon Howard and Carrie MacLaren**
From | **Bob Parker, Rebecca Lewis, Andrew Martin & Emily Brown**
SUBJECT | **MIXED INCOME HOUSING: DEFINITIONS AND OUTCOMES**

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. Task 1 of our work program includes a document scan/literature review. This memorandum focuses on the provision of the bill related to mixed-income housing:

SECTION 5. (3) The Commission may adopt rules that authorize mixed income housing developments that include affordable housing on pilot project sites.

This memorandum presents findings from the literature on mixed-income housing and how this relates to HB 4079. Mixed-income development is perceived as a tool to achieve multiple goals, including the reduction of negative consequences associated with concentrated poverty as well as a catalyst for urban redevelopment. Key issues include how mixed income housing is defined, approaches to implementing mixed income housing, potential social and economic benefits, and ratios of market rate/affordable units that make projects financially viable.

The literature does not provide clear or easy answers to many of the questions raised regarding the ratio of each income type or the extent to which many of the benefits actually impact the lives of residents of these communities. Regardless, many in the affordable housing and development communities still see mixed-income development as a tool for urban change and addressing need for affordable housing.

DEFINITIONS OF MIXED-INCOME

There is no singular definition of mixed-income developments agreed upon by housing experts. The simplest definition is *any development or neighborhood that has units affordable to residents at different levels of income*. Affordability to residents with different incomes often takes the form of units rented or sold below market-rate to occupants who meet income thresholds, combined with unsubsidized units. One definition from the Department of Housing and Urban Development (HUD) reads:

"A mixed-income housing development can be defined as a development that is comprised of housing units with differing levels of affordability, typically with some

market-rate housing and some housing that is available to low-income occupants below market-rate.”¹

A key consideration in all definitions is that the mixing of income levels must be intentional and a core part of the operation of the development.

A key dimension is defining geographic boundaries. Conceivably, mixed income housing could occur in a single building, on a single site, in a neighborhood, or at the community level. The probability of mixed income housing increases as geographic areas widen. The definitions often focus on a single development, though some scholars consider community-wide planning efforts. Considering mixed-income communities at the single development scale is appropriate in this context, given that the RAC must advise DLCD in drafting rules for choosing two individual pilot projects on sites less than 50 acres in size.

Mixed-income communities can be comprised of rental or ownership units or both. HUD programs exist for both types. Similarly, there are a variety of policy tools to create mixed-income developments. Some of the most popular include tax incentives and credits, density and other zoning related bonuses, and inclusionary zoning.² Mixed-income developments are either *voluntary*, usually incentivized, or *mandatory* through inclusionary zoning.

For the purposes of this memorandum, we focus on mixed-income housing as a single development that intentionally offers both subsidized, below market-rate units and market-rate units.

RATIONALE FOR MIXED-INCOME DEVELOPMENTS

Mixed-income developments are touted as providing numerous benefits to communities, residents, and developers. Many of these are associated with economic integration, counteracting the negative impacts of racial and economic segregation, and others have to do with the financial opportunities that mixed-income developments offer.

Social Benefits

Concentrations of poverty have been associated with a wide variety of negative outcomes. In recognition of these negative results and the wide-spread deterioration of many public housing developments, federal policy shifted towards mixed-income development in the 1990's. Programs such as HOPE VI³ (no longer active), Choice Neighborhoods⁴, Moving to Opportunity,⁵ and the Housing Choice Voucher Program⁶ attempt to integrate lower-income households into neighborhoods with higher-income households, often referred to as “opportunity areas.”. These housing mobility programs are also often part of federal fair housing efforts that seek to address the detrimental effects of segregation caused by decades of discriminatory housing practices.

¹ US Department of Housing and Urban Development (2003). *Mixed-Income Housing and the HOME Program*. Retrieved from http://portal.hud.gov/hudportal/documents/huddoc?id=19749_200315.pdf

² Inclusionary zoning refers to statutes requiring developments, often those over a certain number of units, to provide a percentage of those units at below market-rate.

³ http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/hope6

⁴ http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/cn

⁵ <http://portal.hud.gov/hudportal/HUD?src=/programdescription/mta>

⁶ http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/about

The social benefits of economic integration can be significant. One survey of studies categorizes the social arguments for mixed-income development into four groups:

- Social network arguments – interaction between residents will provide connections to lower-income residents that increase their social capital.
- Social control arguments – higher-income residents will demand greater adherence to rules and a greater sense of order, both through social pressures and greater insistence on rule enforcement.
- Behavioral arguments – lower-income residents will model the behavior of higher-income residents.
- Political economy of place arguments – higher-income residents will attract other development and better amenities, which will also benefit the lower-income residents.⁷

HUD promotes several other benefits:

- Evidence suggests school performance for low-income children is improved with no negative impact on the higher-income students.
- The quality of mixed-income developments can be higher than unsubsidized affordable units due to demands for higher quality in the market-rate units.
- Inclusionary zoning can help to provide moderate-income groups, particularly municipal employees, police, and firefighters with housing options in especially high cost communities.⁸

The evidence of these outcomes is mixed. Research has found some of these benefits to accrue in some instances, leading to a consensus that if the benefits are to take place, they are dependent upon many factors. Much of the literature acknowledged the need for further study on the validity of these arguments and how to optimize observed effects.

Mixed-Income and Affirmatively Furthering Fair Housing

Mixed-income housing reduces income segregation and decreases the incidence of concentrations of poverty. This is important to note because of recent national discussion regarding fair housing. In 2015, HUD released an updated rule with the intention of furthering the influence of the Fair Housing Act. Currently, all communities that receive federal grants must ensure not only that they are not violating the Fair Housing Act, but that they are proactively Affirmatively Further Fair Housing (AFFH).⁹ This rule provides communities with the tools and data to effectively ensure throughout the planning process that they are:

“taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically

⁷ Joseph, M. L., Chaskin, R. J. & Webber, H. S. (2007). The Theoretical Basis for Addressing Poverty Through Mixed-Income Development. *Urban Affairs Review*, 42(3), 373.

⁸ US Department of Housing and Urban Development (2003). *Mixed-Income Housing and the HOME Program*. Retrieved from http://portal.hud.gov/hudportal/documents/huddoc?id=19749_200315.pdf

⁹ <https://www.hudexchange.info/programs/affh/>

concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.”¹⁰

Mixed-income communities play an important role in a community’s duty to affirmatively further fair housing by reducing the likelihood of contributing to racially- or ethnically-concentrated areas of poverty (R/ECAPs). By ensuring that units in new housing developments are affordable to people from a variety of income levels and backgrounds, cities can take important steps toward creating inclusive communities and overcoming patterns of segregation.

Financial Benefits

Mixed-income housing can increase the financial and social feasibility of building housing for low- and moderate-income households. HUD has noted that developments that target a mix of income levels face less political opposition than those that only target low-income households.¹¹

Supporters of mixed-income housing also note that it can be a tool that makes building below-market-rate housing financially feasible without public subsidy. In a development that combines market-rate, or even luxury housing, with housing targeted at moderate or low-income households, revenue from the market rate units can subsidize the discounted units, providing cross-subsidy. On the opposite side of this, the financial benefits, including tax credits, that developers often receive in exchange for including affordable units can also increase the overall viability of their development¹². This can result in market rate housing that is more affordable than it would have been otherwise.

Finally, mixed-income developments can provide low-income residents with more on-site amenities, and more nearby resources, than would otherwise be financially feasible in a development with only below-market-rate units.

Limitations of Mixed-Income Housing

Critics of mixed-income developments allege that it often leads to gentrification and displacement, largely because redevelopment often occurs in lower-income areas. Wealthier occupants of the mixed-income developments (as redevelopment projects) may replace previously low-income occupants. Additionally, some federal programs have replaced public housing developments targeting only low-income households with mixed-income developments, decreasing the overall number of units affordable to low-income households.¹³ Even the new Rental Assistance Demonstration (RAD) program, which requires one-for-one replacement of assisted units, actually allows for a five percent decrease in the number of assisted units.¹⁴

These conclusions could implicate a relationship between mixed-income housing developments and gentrification. None of the case studies in the literature we reviewed addressed gentrification as an outcome of mixed-income developments.

We question how applicable the case studies the Research Team identified are to many Oregon communities. Of the literature surveyed, the majority of developments were in large urbanized areas. These areas include Boston; San Francisco; Emeryville, CA; New Haven, CT; Montgomery County, MD;

¹⁰ Ibid.

¹¹ Ibid.

¹² http://www.shelterforce.org/article/4442/making_mixed-income_developments_work/

¹³ <https://www.nhlp.org/files/FalseHOPE.pdf>

¹⁴ http://nlihc.org/sites/default/files/2016AG_Chapter_4-5.pdf

and Kansas City, MO. Many Oregon communities are smaller and less urbanized than these communities. The lessons learned in these markets are perhaps applicable, however, they should be scrutinized before being applied to other contexts. The literature we reviewed lacked information about smaller cities.

MIXED-INCOME HOUSING IN OREGON

Because of Oregon's previous ban on inclusionary zoning, any mixed-income housing developments in the state have occurred voluntarily. This means that the inclusion of affordable units would only likely occur in developments where renting units at below-market-rate would either not impact or would increase the project's financial feasibility, or that the development included government-subsidized housing. As noted previously, in some instances the inclusion of affordable units can actually increase a project's feasibility due to financial benefits (tax credits for example) associated with these units. The Low Income Housing Tax Credit program, for example, allows mixed-income housing, however, the credits must be used on multi-unit, or multi-family, properties. Developers must set aside a percentage of units in the development affordable to renters at various thresholds below the area median income to qualify for the tax credit.

For example, the HUD Low Income Housing Tax Credit (LIHTC) property database identifies hundreds of projects have received the LIHTC in Oregon since the 1980s. Few, however, have included any units that were not targeted at low-income households.¹⁵ Of the projects that include market rate units, few are outside of the Portland Metro region. Mixed-income developments that use the LIHTC program outside the Portland area are found in cities including Redmond, Salem, Sweet Home, Hood River, Molalla, and Tillamook. Though a majority of the units in these cities were solely in low-income developments, mixed-income developments were possible: Tillamook has one development that produced a 27-unit development with 10 low-income units; Redmond produced a development with 10 out of 50-units at market rates; Salem has three mixed-income developments with various ratios of low-income and market rate units. Despite evidence of successes, the vast majority of developments utilizing LIHTC in Oregon are not mixed-income. Even among mixed-income developments, the number of market rate units is small compared to the number of low-income restricted units.

Most LIHTC projects in cities outside of the Portland area only contain one to three units not reserved for low income households, while the majority of developments with more non-low-income units are in the Portland area. One exception is Tillamook, which has a development with 17 out of 27 units not targeted at low-income households.

Many of the housing experts interviewed by the UO Research Team have been involved with mixed-income housing in some capacity, whether through research or development. For the interviews, mixed-income housing was defined as multi-unit developments with units reserved for households at different income levels. Most interviewees knew of several mixed-income housing projects, but mentioned that they knew of few mixed-income housing developments that were outside of the Portland area.

When asked about the benefits of mixed-income housing in Oregon, responses confirmed what we found in the literature. Several interviewees stated that mixed-income housing is good for everyone because it increases the diversity of a neighborhood, and results in a holistic community where people are exposed to an economically diverse community. It can also lead to better life outcomes for low-

¹⁵ <http://lihtc.huduser.gov/>

income individuals, providing increased access to employment and educational opportunities and potentially improving public health. Housing experts in Oregon also noted that another benefit of mixed-income housing is that it allows developers to provide amenities to low-income households that might not be financially feasible without the subsidy provided by market rate units. In addition to market rate units subsidizing affordable units, interviewees mentioned that tax credits, density bonuses, and other incentives earned from the inclusion of affordable units can also subsidize the market rate units, resulting in cheaper units all around.

When asked what makes mixed-income housing more likely to pencil out, interviewees stated that voluntary mixed-income developments were more likely to pencil out in tight housing markets.

POLICY CONSIDERATIONS

Much of the evaluation in the literature is based around case studies of successful and unsuccessful mixed-income developments. These case studies illuminated a number of considerations for mixed-income housing policy.

Voluntary or Mandatory

Many mixed-income housing developments offer affordable units voluntarily due to the financial benefits that this can provide. Communities can also incentivize the voluntary inclusion of affordable units through tools like density bonuses, inclusionary “upzoning,”¹⁶ direct subsidy, or property tax exemptions.¹⁷ In communities where the development of mixed-income housing is mandatory, the inclusion of affordable units is often required as a condition of the approval and permitting of development. Whether voluntary or mandatory inclusionary housing programs are more effective likely depends on local political and social context, the specific details of the policy, and the market conditions in that community.

Voluntary programs can be effective if the incentivizes that the local government offers provide enough financial benefit to offset the lost-revenue associated with selling or leasing units at below market rate.¹⁸ Many experts believe that mandatory inclusionary zoning policies result in the highest number of affordable units. However, requiring developers to include affordable units in their development can mean that marginal projects lose financial feasibility, resulting in incomplete projects and a potential decline in development.¹⁹

Both mandatory and voluntary inclusionary housing efforts will be more effective at creating units in markets where development is already occurring. In these situations, the added cost of a small percentage of below market-rate units will not drastically affect the overall financial feasibility of the project.

Ratio of Units by Price Point and Size of Development

The largest question in both the literature and for HB 4079 rulemaking concerns the ratio of units at various price points. Unfortunately, there is no clear guidance on the optimal ratio. The case studies reviewed in the literature utilized widely-varied ratios. One study found that financial success was only

¹⁶ http://media.wix.com/ugd/19cfbe_4c2a9adc5ccd4ca181f8b434b2a5b8f6.pdf

¹⁷ http://furmancenter.org/files/NYUFurmanCenter_InclusionaryZoningNYC_March2015.pdf

¹⁸ Ibid.

¹⁹ Ibid.

partially determined by the number of units at any given price point.²⁰ In these case studies, the ratio of units affordable at greater than 100% of AMI (i.e., market rate units) ranged from 3% to 43%. The study broke down the remainder of units by affordability to less than 30% of AMI, 30-50% of AMI, and 50-80% of AMI. The mixture of these price points was equally variable. The authors found that the ratio of units was important, but other factors including strong, effective property management and local market conditions were also contributors of success or failure. Some developments used subsidies for below market-rate units to ensure financial success. Other developments leveraged strong market-rate prices to build more low-income units. In regards to ratios and financial feasibility, their conclusion is ultimately that “research is needed to determine the correlation between market strength and unit mix.”²¹

The optimal ratio to generate social benefits are equally elusive to researchers. The Brophy and Smith (1997) study found that greater income disparities could create greater tension between residents.²² This presumably lessened the expected social benefits of lower-income residents mixing with higher-income residents. Similar conclusions were drawn in a study by Joseph, Chaskin, and Webber (2007) who point out the inherent tensions in attracting enough market-rate tenants to solicit the casual interaction necessary for many of the benefits, while also providing as many units as possible to lower-income households. Chaskin and Webber also found that social interaction was greater between more similar income groups (e.g. low and moderate-income rather than very low and above median-income).²³

A third study (Graves 2011) found that some of the four expected social and behavioral changes did occur to various extents, but a major contributor to the success of these social changes was the management structure. In the same development, they found that the management structure also inhibited opportunities for social interaction. This author believes that social benefits are only partially due to the income mix in the development, which was 80% subsidized units and 20% market-rate.²⁴

In sum, the optimal ratio is highly dependent upon the goals of the project and local conditions. Financially, projects can succeed in subsidizing the lower-income units with market-rate units if sufficient demand exists. Case studies of downtown, large, urban areas showed this to be possible. In less competitive housing markets, the tax credits and development incentives proved to be the source of revenue necessary to make the project work. If social benefits are the objective of the project, consideration should center on whether it is important to provide more units affordable at lower incomes or if attracting market-rate tenants is an objective. Social benefits may most likely accrue if developers plan for a balanced range of incomes, rather than a dichotomy between market-rate and subsidized units.

The size of developments may also be a factor to consider in addition to the ratio of units. Developments in the literature were variable in scale. They ranged in size from 107 units to 1,283 units in one study. In another article, a development of 396 units was studied. The developments may be generally larger in scale due to geographic context or because of some necessity to make the financial return on the development feasible. Regardless, the size of the developments may play a role in the

²⁰ Brophy, P. C. & Smith, R. N. (1997). Mixed-Income Housing: Factors for Success. *Cityscape: A Journal of Policy Development and Research*, 3(2), 7-23.

²¹ Ibid, 26.

²² Ibid, 27.

²³ Joseph, M. L., Chaskin, R. J. & Webber, H. S. (2007). The Theoretical Basis for Addressing Poverty Through Mixed-Income Development. *Urban Affairs Review*, 42(3), 399.

²⁴ Graves, E. M. (2011). Mixed Outcome Developments. *Journal of the American Planning Association*, 77(2), 143-153.

success of promoting social benefits. While not a finding in the literature, it is not difficult to imagine that larger developments provide more opportunity for residents to interact with more diverse groups, leading to a greater chance of the social benefits mixed-income housing is supposed to provide.

Fair Market Rents

HUD Fair Market Rents also become a consideration when discussing ratios. HUD determines the amount of Housing Choice Voucher subsidy by calculating the median rent for a metropolitan statistical area or nonmetropolitan county area. HUD then provides 40% of this amount to voucher recipients. This may determine the majority of the revenues for the project if most of the units come from low-income and below occupants. Many of the case studies examined in the literature also differentiated between occupants that made between 80% and 100% of AMI and those over 100% AMI. Occupants in the first category naturally cannot pay as much rent, but also do not receive subsidies from HUD. The proportion of these units will also be a determinant in the projected revenues. Should areas with a lower median income, and correspondingly lower median rents, attempt to build a mixed-income development, the resulting revenue streams may necessitate lower quality units than may be built in other areas with higher rents and higher incomes.

TAKEAWAYS

- Mixed-income housing can be beneficial to communities, developers and residents of all income levels.
- Communities can promote mixed-income housing through either voluntary or mandatory inclusionary housing policies.
- The success of each mixed-income project is contingent upon the unique social, economic and political context of each community. Mixed-income housing can include different ratios of units reserved for households at different income levels, ranging from luxury units to subsidized units. The exact mix of units that is appropriate for a particular community, and that will result in the highest levels of social and financial feasibility, is likely different for each community. The specification of a successful project will vary by location.
- The literature does not suggest an optimal ratio of market-rate to subsidized units that ensures successful financial and social outcomes. Not surprisingly, the literature suggests optimal ratios are highly dependent upon the goals of the project and local conditions.



Oregon

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September 20, 2016

TO: Pilot UGB Expansion Process for Affordable Housing Rulemaking Advisory Committee

FROM: Dan Eisenbeis

RE: Requirements for Affordable Housing

HB 4079 directs the Land Conservation and Development Commission (commission) to specify requirements for affordable housing (Section 5(2)).

Staff recommends the rules for the pilot program require pilot project nominations to:

- 1. Demonstrate the affordable housing units will be rented or sold at a price affordable to the eligible tenant or homebuyer;**
- 2. Specify how the nominating city will ensure the ongoing dedication of the affordable housing for a minimum of 50 years¹;**
- 3. Demonstrate the project will serve identified populations in need of affordable housing, as required by Section 4(4)(b), using data including: household cost burden in the region, conversion of manufactured home parks in the region, availability of government assisted housing in the region, or other data.***

*Staff anticipates making HUD CHAS and OHCS data summarized by the University of Oregon on household cost burden, conversion or manufactured home parks, and availability of government assisted housing publicly available.

¹ Section 7(1) and Section 7(2) also require the city to protect the pilot project site for affordable housing.