

Memorandum

Date: June 12, 2015
To: Mayor and City Council
From: Denny Braud, Division Manager AIC
Subject: MUPTE & Workforce Housing

At the April 29, 2015 work session, Mayor Piercy and Councilor Brown requested information on workforce housing. Specifically, the Mayor asked for clarity on the definition of workforce housing, while Councilor Brown requested income data.

Defining Workforce Housing

Workforce housing:

- ✓ Attends to the needs of the essential workers in the community
- ✓ Is priced for people who make too much for *affordable housing*¹ yet cannot afford the average market-rate home.

Nationwide since the Great Recession, essential workers who cannot afford the average market-rate home can include such professions as teachers, nurses, and life/safety personnel, in addition to people employed in retail and hospitality. In terms of Area Median Income (AMI), across the country workforce housing is created for gainfully employed people making from 60% to 120% AMI. The AMI percentage range depends on cost of living in the specific area and on the entity setting the range.

Affordable housing work by the City of Eugene currently and historically has focused on housing for residents earning 60% AMI and below. This rate was set due to the extensive need and the thresholds for federal subsidies and tax credits. The upper end of the workforce housing income range for Eugene could be determined with further market specific research.

As a reminder, families who pay more than 30% of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.²

- ✓ Housing is considered affordable when the individual/family spends 30% of income or less on housing costs.

Income Data

[Attachment A](#) provides incomes for Area Median Income at various percentages, the correlating rents that are affordable for those incomes, and number of households at income levels. The Consolidated Plan 2015, a five year strategic plan for housing and community development, contains additional community data and can be found online at <http://www.eugene-or.gov/hudconplan>. (Council approved the Consolidated Plan summary in April 2015.) Community income data is also in the Equity and Opportunity

¹ Sometimes this is also referred to as “subsidized affordable housing” and is housing developed/benefiting from federal, state, local subsidies and tax credits. In Eugene, this would include housing developed/managed by St Vincent dePaul, Cornerstone, HACSA, and other agencies.

² http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/ [6/9/15]

Assessment (a project of the Lane Livability Consortium), which can be found online at http://www.livabilitylane.org/projects/equity_and_opportunity.htm.

Within the Downtown Plan Area, the mix of multi-unit housing (5 or more units) types includes 410 affordable units (60% AMI and below), 481 market rate units, and 871 student units. (See [Attachment B](#) for a map.)

Workforce housing, even in its broadest possible definition, is something our community could benefit from and could warrant additional research and potential City assistance to incentivize development to respond to this need. The high cost of new construction for multifamily projects means that those units are often unaffordable to workforce households.

Steps to increase the availability housing that is affordable to workforce households include:

1. Increase the overall supply of housing in the community to help stabilize rents and avoid rapid rent increases resulting from low vacancy rates.
2. Assist with capital investments needed to rehabilitate and update existing multi-unit housing that was built in the 1970s and 1980s, including units previously targeted to students.

MUPTE is a tool that can be used to increase the overall housing supply (step 1). Additional strategies used in other parts of the country to support the development of workforce housing include density bonuses, increasing residential density (up-zoning), and impact-fee waivers for workforce housing construction.

Please feel free to contact me with questions at 541-682-5536 or denny.braud@ci.eugene.or.us. Thank you.

Income and Rents Eugene/Springfield MSA

Area Median Income 2014									
# Persons in Household		1	2	3	4	5	6	7	8
40%	Income Limit	\$ 15,520	\$ 17,720	\$ 19,920	\$ 22,120	\$ 23,920	\$ 25,680	\$ 27,440	\$ 29,200
50%	Income Limit	\$ 19,400	\$ 22,150	\$ 24,900	\$ 27,650	\$ 29,900	\$ 32,100	\$ 34,300	\$ 36,500
60%	Income Limit	\$ 23,280	\$ 26,580	\$ 29,880	\$ 33,180	\$ 35,880	\$ 38,520	\$ 41,160	\$ 43,800
70%	Income Limit	\$ 27,160	\$ 31,010	\$ 34,860	\$ 38,710	\$ 41,860	\$ 44,940	\$ 48,020	\$ 51,100
80%	Income Limit	\$ 31,000	\$ 35,400	\$ 39,850	\$ 44,250	\$ 47,800	\$ 51,350	\$ 54,900	\$ 58,450
90%	Income Limit	\$ 34,920	\$ 39,870	\$ 44,820	\$ 49,770	\$ 53,820	\$ 57,780	\$ 61,740	\$ 65,700
100%	Income Limit	\$ 38,800	\$ 44,300	\$ 49,800	\$ 55,300	\$ 59,800	\$ 64,200	\$ 68,600	\$ 73,000

* HUD Community Development Block Grant 2014 numbers for 50%, 80%, & household of four 100% AMI. Calculations created the remainder of the amounts.

Max Affordable Monthly Rent (includes tenant paid utility allowance)					
Household Income	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
40% AMI	\$ 388	\$ 443	\$ 498	\$ 553	\$ 598
50% AMI	\$ 485	\$ 554	\$ 623	\$ 691	\$ 748
60% AMI	\$ 582	\$ 665	\$ 747	\$ 830	\$ 897
70% AMI	\$ 679	\$ 775	\$ 872	\$ 968	\$ 1,047
80% AMI	\$ 775	\$ 885	\$ 996	\$ 1,106	\$ 1,195
90% AMI	\$ 873	\$ 997	\$ 1,121	\$ 1,244	\$ 1,346
100% AMI	\$ 970	\$ 1,108	\$ 1,245	\$ 1,383	\$ 1,495

Factors used in calculation of rents:

Area Median Income (AMI) for Household Size

Occupancy Standard of 1.5 Persons per Bedroom (similar to Housing Tax Credits) as Noted in Chart Below:

Unit Size	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
Occupancy Standard	1	2	3	4	5	6

Formula used in the calculation of rents:

AMI for Occupancy Standard Established for Unit Size X Housing Ratio / 12 Months = Max Affordable Rent

Example: 40% AMI for household of 3 (occupancy standard for 2 bedrooms) = \$19,920 * .30 / 12 = \$498

Income Distribution by Total Households (HUD Provided Table)

Consolidated Plan, page 52

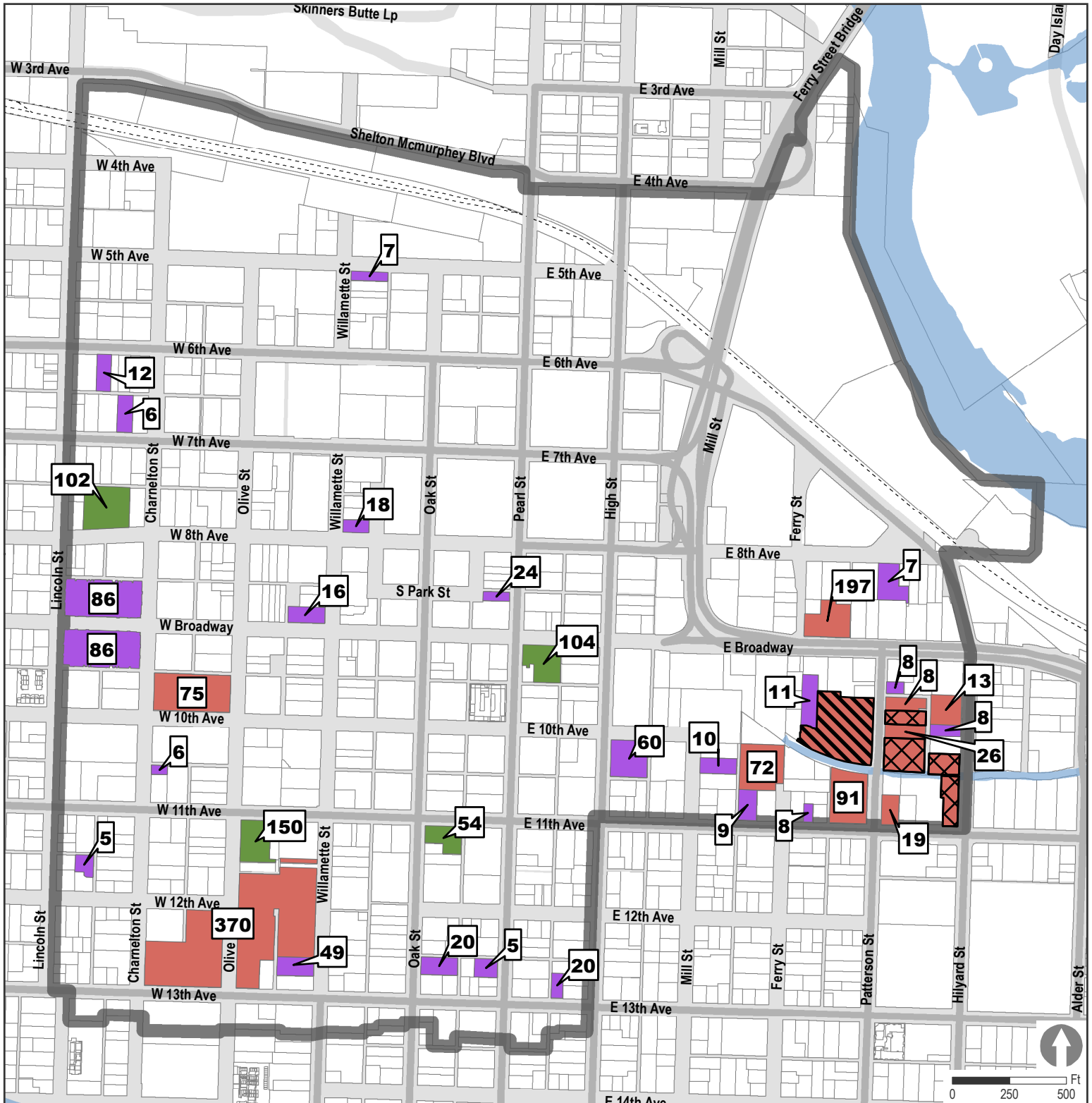
	0-30% HAMFI	>30-50% HAMFI	>50-80% HAMFI	>80-100% HAMFI	>100% HAMFI
Total Households	13,285	11,025	14,780	8,900	41,550
Small Family Households	2,750	3,265	4,900	3,290	20,405
Large Family Households	270	350	680	375	2,465
Household contains at least one person 62-74 years of age	1,365	1,705	2,000	1,260	7,655
Household contains at least one person age 75 or older	905	1,790	2,355	1,045	3,315
Households with one or more children 6 years old or younger	1,494	1,714	2,245	1,340	3,085

Data Source:2007-2011 CHAS

AMI & HAMFI

The data in Attachment A came from HUD (except as noted when it derived from the HUD data). HUD uses AMI, HAMFI, and MFI interchangeably and in reference to the same data. All three are the median income for the Eugene/Springfield MSA. HUD calculates incomes differently than other median income calculations, such as census. HUD includes CPI in the calculation and, when income limits are broken out by 30%, 50%, and so on, HUD includes other variables such as housing cost adjustments.

Downtown Housing



Housing Type	Units	
Affordable	410	23%
Market	481	27%
Student*	871	49%
Total	1,762	100%

*Group quarters such as fraternities, sororities and dormitories not included

- Downtown Plan Area
- Fraternities and Sororities
- Housing (labeled with units)**
- Affordable
- Market
- Student
- Dormitory



City of Eugene
Planning and Development
June 11, 2015

This map includes housing in the Downtown Plan area only for: apartments with five or more units, condominiums, townhouses, dormitories, fraternities, sororities, and retirement homes. Data: City of Eugene Affordable Housing Inventory, Regional GIS Site Addresses. Data queried for specific housing type. Some data supplemented. Caution: This map is based on imprecise source data, subject to change, and for general reference only.



Creating Stable, Safe Housing Opportunities for Eugene Residents

The City of Eugene seeks to create a range of stable, safe, and affordable housing opportunities for area residents through a suite of funding, programs, and supportive policies. Eugene programs provide financial and regulatory incentives for the development of permanent, transitional and emergency housing by primary nonprofit partner organizations. City programs are guided through the Eugene-Springfield 2010 Consolidated Plan. Through the investments of the City of Eugene and many other organizations, our community has created over 3,000 units of permanent affordable housing,

Affordable Housing Development – Housing Development programs includes funding for acquisitions, new development construction, rehabilitation, and project-related soft costs incurred by the jurisdictions. Eugene awards funds in this category through an annual Housing RFP. Subsidies for development include land, HOME Investment Partnership Program funds, system development charge waivers, and property tax exemptions. Regulatory incentives include density bonuses and reduction of parking requirements. Projects receiving funds include small developments for special need populations as well as medium sized affordable housing development.

Low-income Rental Housing Property Tax Exemption (LIRPTE) and Low-Income Housing Property Tax Exemption (LITE): Both the low-income housing property tax exemption (LITE) and the 20 year low-income rental housing property tax exemption (LIRPTE) are enabled by state statute. A LITE provides an annual exemption for properties that are used for the purposes of a nonprofit corporation. This housing is not required to be rental housing. For more information, refer to Eugene City Code 2.910-2.922. The LIRPTE provides a 20-year exemption for properties constructed after February 12, 1990 and is offered for rent or held for the purpose of developing low-income rental housing. An applicant requesting a 20-year exemption is not required to be a nonprofit in certain instances. For more information, refer to Eugene City Code 2.937-2.940. Since 1990, LIRPTE has benefited 1,168 affordable housing units.

Housing Rehabilitation Fund – The Housing Rehabilitation Fund (HRF) is a revolving loan fund created with CDBG funds. The HRF generates \$400,000 per year in program income which is made available for low-interest loans for rehabilitation of rental and homeownership units for low-income persons. This is a critical resource for maintain the existing housing units available to low-income persons.

Emergency Home Repair – The program offers emergency repair grants and loans of up to \$5,000 to very low-income homeowners for minor repairs and accessibility features. Grants are available for accessibility improvements for rental units occupied by very low-income tenants with disabilities. About 30 repair projects are completed each year.

Capital Grants for Emergency and Transitional Housing Facilities – This program provides grants for acquisition or rehabilitation of facilities for nonprofit organizations that provide serves for low-income persons. Such facilities include emergency and transitional housing for people who are homeless or at risk of homelessness.

Temporary Residences for Persons Experiencing Homelessness – In addition, the City of Eugene supports programs for homeless persons to find safe spaces through the Homeless Car Camping Program, Opportunity Village, and Rest Stops.

Condominium and Manufactured Home Park Conversions – The City of Eugene regulates the conversion of rental units to condominiums and the closure of manufactured home parks in order to provide appropriate supports for the tenants residing in such properties.

Rental Housing Code – This code creates minimum standards for habitability of rental properties and establishes a process to help renters and owners resolve concerns.