

APPENDICES

Appendix B. Affordable Housing Production Goals (Fair Share) of the Regional Affordable Housing Strategy

June 2000



METRO

Fair Share Subcommittee Members

<i>Charge:</i> Determine the affordable housing need for the region, analyze housing data, estimate the Benchmark Need for affordable housing to 2017 and recommend options for regional and local jurisdictions affordable housing production.	
Chair Tasha Harmon	Community Development Network
Vince Chiotti	Oregon Housing and Community Services Department
Tom Cusack	HUD
David Lawrence	City of Hillsboro
Doug McClain	Clackamas County
Mike Saba	City of Portland
Andree Tremoulet	City of Gresham
Roger Vonderharr	Mayor of Fairview
Ramsay Weit	Multnomah County
Susan Wilson	Washington County Housing Services

CHANGE OF TERM

Affordable Housing Production Goals (Fair Share Targets)

H-TAC decided to replace the term “fair share targets” with “affordable housing production goals” because the latter conveys properly the region’s cooperative effort towards achieving livable communities within our region.

Fair Share Definition

Adopted by the Metro Affordable Housing Technical Advisory Committee on:
December 7, 1998

“Fair share” means an equitable distribution of a diverse range of affordable housing throughout the Metro region.

Determination of fair share shall be based upon an analysis of factual information concerning: the existing housing stock; regional and subregional demand, supply, and cost of housing and buildable lands; and the income levels and housing needs of all current and future residents, including elderly people, people with disabilities, families with children, single heads of households, and racial and ethnic minorities.

Five principles define “equitable distribution”:

- A diverse range of housing types is available within the region and within cities and counties inside the urban growth boundary.
- Sufficient and affordable housing opportunities are available to households of all income levels that live or have a member working in each jurisdiction and subregion.
- An appropriate balance of jobs and housing exists within subregions.
- The current and future need for and supply of affordable housing in the region is addressed in the distribution.
- Concentrations of poverty are minimized.

The existing and potential roles and capacities of the public and private sectors will be considered.

Definitions

Affordable Housing: is living accommodation for low and moderate income households where they pay no more than 30 percent of their income on housing costs. (For renters, “housing costs” includes rent and utilities. For homeowners, it includes principle, interest, taxes, property insurance, and mortgage insurance, if applicable.)

Low- and Moderate-Income: includes the following income categories:

- Extremely Low Income: less than 30% of regional median income*
- Low Income: 31-50% of regional median income
- Low-Moderate Income: 51-80% of regional median income
- Moderate Income: 81-120% of regional median income

***Regional Median Income** is the figure established by the US Department of Housing and Urban Development (HUD) for the Portland area SMSA. It is modified by family/household size and is updated regularly by HUD.

Attachment C

HOW WERE AFFORDABLE HOUSING PRODUCTION GOALS CALCULATED?

Step 1:

2017 household projections were applied to regional distribution of households in four income groups (<30%, 30-50%, 51-80%, 81-120% of the region median household income) to project the desired distribution of households by income group by jurisdiction in 2017.

Step 2:

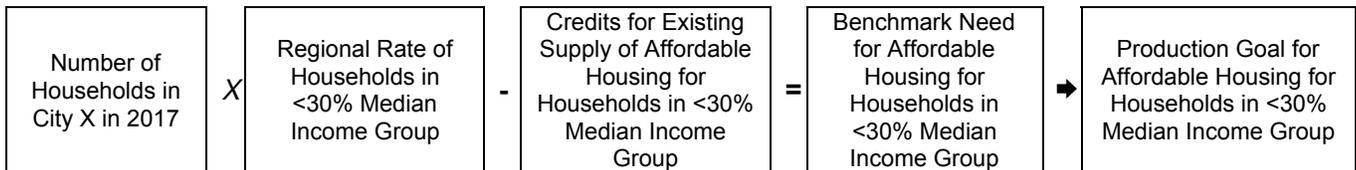
The amount of existing affordable housing units to the four income groups in each jurisdiction was subtracted from the product of Step 1.

Step 3:

10% of Step 2 number was recommended by H-TAC as the five-year production goal. (H-TAC recommended that the critical production goals be established for below 50% of median household income)

Example - City of Beaverton:

$$38,704 \times 11.5\% \text{ (the result is 4,451)} - 175 = 4,276 \times 10\% \text{ Production Goal} = 427 \text{ for } <30\% \text{ Income Group}$$



This process was repeated for:
 -30-50%
 -51-80%
 -81-120%
 Income Groups

Benchmark Affordable Housing Need to 2017

(Total Affordable Housing Need - Not Targets or Goals)

Jurisdiction	2017 Households ¹	Number of Households in each Income Group in 2017 based on Regional Percentages in 1995 ²				Estimated Housing Units in 1998 Affordable to Defined Income Groups ³				Total Need for Affordable Housing Units by Jurisdiction by Income Group to Year 2017**			
		<30%	30 – 50%	51 - 80%	81 - 120%	<30%	30 - 50%	51 - 80%	81 - 120%	<30%	30 - 50%	51 - 80%	81-120%
Beaverton	38,704	4,451	4,296	7,780	7,160	175	2,005	8,557	8,105	(4,276)	(2,291)	777	944
Cornelius	3,601	414	400	724	666	16	300	1,244	1,234	(398)	(100)	520	568
Durham	533	61	59	107	99	6	23	85	326	(55)	(36)	(22)	228
Fairview	4,145	477	460	833	767	51	151	1,135	481	(425)	(309)	302	(286)
Forest Grove	8,227	946	913	1,654	1,522	398	817	2,104	2,076	(548)	(96)	451	554
Gladstone	4,582	527	509	921	848	91	413	1,883	1,462	(436)	(96)	962	614
Gresham	45,297	5,209	5,028	9,105	8,380	654	4,004	16,925	5,853	(4,555)	(1,024)	7,821	(2,527)
Happy Valley	2,583	297	287	519	478	3	8	56	510	(294)	(279)	(463)	32
Hillsboro	27,911	3,210	3,098	5,610	5,164	180	981	6,865	8,022	(3,030)	(2,117)	1,255	2,859
Johnson City	754	87	84	152	139	141	243	25	133	55	159	(126)	(7)
King City	417	48	46	84	77	2	42	660	608	(46)	(4)	576	531
Lake Oswego	16,452	1,892	1,826	3,307	3,044	42	284	2,823	3,683	(1,850)	(1,542)	(484)	639
Maywood Park	122	14	14	25	23	5	25	217	54	(9)	11	192	31
Milwaukie	11,709	1,347	1,300	2,354	2,166	304	1,323	3,471	3,062	(1,043)	23	1,118	896
Oregon City	12,896	1,483	1,431	2,592	2,386	253	1,076	4,137	3,166	(1,230)	(355)	1,545	780
Portland	280,528	32,261	31,139	56,386	51,898	12,396	33,055	89,310	50,141	(19,864)	1,916	32,923	(1,756)
Rivergrove	123	14	14	25	23	0	1	23	43	(14)	(13)	(2)	20
Sherwood	6,395	735	710	1,285	1,183	66	148	891	1,248	(670)	(561)	(394)	65
Tigard	19,179	2,206	2,129	3,855	3,548	37	1,092	3,604	5,038	(2,169)	(1,037)	(251)	1,490
Troutdale	7,096	816	788	1,426	1,313	65	229	2,257	1,564	(751)	(559)	831	251
Tualatin	10,552	1,213	1,171	2,121	1,952	6	475	1,948	3,511	(1,208)	(696)	(173)	1,559
West Linn	8,897	1,023	988	1,788	1,646	36	274	1,069	1,638	(987)	(713)	(719)	(8)
Wilsonville	8,842	1,017	981	1,777	1,636	17	184	1,714	1,138	(1,000)	(797)	(63)	(497)
Wood Village	1,548	178	172	311	286	14	160	551	282	(164)	(11)	240	(5)
Clackamas County Uninc.	77,498	8,912	8,602	15,577	14,337	1,603	4,858	19,355	23,713	(7,309)	(3,744)	3,778	9,375
Multnomah County Uninc.	7,621	876	846	1,532	1,410	62	312	1,632	1,820	(814)	(534)	100	410
Washington County Uninc.	116,696	13,420	12,953	23,456	21,589	266	3,526	15,960	24,242	(13,154)	(9,427)	(7,496)	2,653
Totals	722,909	83,135	80,243	145,305	133,738	16,889	56,009	188,503	153,153	(66,245)*	(24,234)*	43,198	19,414

** Parentheses indicate a need for housing units.

¹Based on Metro's Urban Growth Management Functional Plan.

²American Housing Survey, 1995. <30%MHI = 11.5%; 30-50%MHI = 11.1%; 51-80% = 20.1%; 81-120%MHI = 18.5%; 120%MHI+ = 38.8%.

³U.S. Census, 1990; Marathon Management, 1998; Metro, 1999. Assisted rental housing is included but not separately displayed on this table.

*H-TAC determined that the households with the greatest need for affordable housing were those in the 0-30% and 30-50%MHI (66,245 + 24,234 = 90,479)

Five-Year Affordable Housing Production Goal Allocated by Jurisdiction¹

The Five-Year Affordable Housing Production Goal is 10% of the Benchmark Need.

The Benchmark Need was determined for each jurisdiction based on 2017 population projections, the regional distribution of household incomes, and credits for the existing supply of housing affordable to households earning 50%MHI and below.

Jurisdiction	Benchmark Need – 90,479 (2017)		Percent of Benchmark Need by Income Group		Five Year Affordable Housing Production Goal – 9,048 ²		
	Benchmark need	Percent of benchmark need	less than 30%	30-50%	less than 30%	30-50%	Totals*
Beaverton	6,567	7.24%	65%	35%	427	229	655
Cornelius	497	0.55%	80%	20%	40	10	50
Durham	92	0.10%	61%	39%	6	4	9
Fairview	734	0.81%	58%	42%	42	31	73
Forest Grove	645	0.71%	85%	15%	55	10	64
Gladstone	532	0.59%	82%	18%	43	10	53
Gresham	5,580	6.15%	82%	18%	454	102	557
Happy Valley	573	0.63%	51%	49%	29	28	57
Hillsboro	5,148	5.68%	59%	41%	302	211	514
Johnson City	0	0.00%	0%	0%	0	0	0
King City	51	0.06%	91%	9%	5	0	5
Lake Oswego	3,392	3.74%	55%	45%	185	154	338
Maywood Park	0	0.00%	100%	0%	0	0	0
Milwaukie	1,019	1.12%	100%	0%	102	0	102
Oregon City	1,585	1.75%	78%	22%	123	35	158
Portland	17,948	19.79%	100%	0%	1,791	0	1,791
Rivergrove	27	0.03%	52%	48%	1	1	3
Sherwood	1,231	1.36%	54%	46%	67	56	123
Tigard	3,205	3.53%	68%	32%	216	103	320
Troutdale	1,310	1.44%	57%	43%	75	56	131
Tualatin	1,904	2.10%	63%	37%	120	69	190
West Linn	1,700	1.87%	58%	42%	98	71	170
Wilsonville	1,797	1.98%	56%	44%	100	80	179
Wood Village	175	0.19%	93%	7%	16	1	17
Clackamas County Uninc.	11,053	12.19%	66%	34%	729	374	1,103
Multnomah County Uninc.	1,349	1.49%	60%	40%	81	53	135
Washington County Uninc.	22,582	24.90%	58%	42%	1,312	940	2,253
Totals	90,695	100.00%	72%	28%	6,420	2,628	9,048

¹Further explanation of calculations in this table may be found in Chapter 3: Regional Housing Goals. *H-TAC recommends that these goals be recalculated when 2000 Census data become available.*

²The Affordable Housing Production Goal is intended to be a guideline to local jurisdictions, and is voluntary.

*Totals may not add up to due rounding.

Following are other background materials showing the process for developing the affordable housing production goals (fair share).

M E M O R A N D U M



METRO

Date: May 28, 1999

To: Mike Burton, Executive Officer

From: Commissioner Diane Linn, Chair, H-TAC
Elaine Wilkerson, Director, Growth Management Services Department

Re: Options for Fair Share Housing Targets

As you know, the Regional Framework Plan requires that the Housing Technical Advisory Committee (H-TAC) develop fair share targets for affordable housing. H-TAC has proposed three options for fair share targets. The Committee has recommended that these options be reviewed by MPAC and then the Metro Council. Councilor Washington has indicated that he agrees with providing MPAC the first opportunity to review these options. The Regional Framework Plan stated that H-TAC shall hold public hearings, send preliminary fair share targets recommendation to MPAC and then submit fair share targets recommendation to the Metro Council nine months after the adoption of the housing policy ordinance (June 1999). The RFP also stated that H-TAC shall submit the draft Regional Affordable Housing Strategy Plan to the MPAC and Metro Council 15 months after the date of adoption of the housing policy ordinance (December 1999).

We expect that the Metro Council Growth Management Committee will begin review of the options on June 8 and that MPAC will begin its review on June 9. Once these reviews are completed, the Committee plans to conduct public hearings in September and thereafter forward its formal recommendation of fair share targets to MPAC and the Council Growth Management Committee /Metro Council in the fall.

The targets were developed by first estimating the total need (or "benchmark") for affordable housing. H-TAC estimates that if all households with incomes at or less than 50 percent of regional median household income paid no more than 30 percent of their income for housing through 2017 there will be a need for 90, 479 affordable units in the region. This is calculated on Table 1, attached.

Mike Burton, Executive Officer
Options for Fair Share Housing Targets
May 28, 1999

Page Two

The benchmark need is then converted to realistic five-year fair share targets. These targets are based on past production levels for assisted housing. The three options H-TAC has identified are:

- Option 1: 150% of current production = 7,500 units***
- Option 2: 200% of current production = 10, 000 units***
- Option 3: 10% of Benchmark Need (90,479 units) = 9,048 units***

The region-wide production goals are then apportioned to each city and county in the region based on trying to achieve a housing mix in each community that is similar to the current mix of housing region-wide (see Table 2). H-TAC is reluctant to conclude which goal should be recommended until more is known about possible implementation methods and what additional funding may be available.

H-TAC is also, in a separate subcommittee, addressing regulatory strategies and tools included in the RFP and other non-regulatory strategies to implement the fair share targets and increase the supply of affordable housing.

We would appreciate your forwarding this material to the Chairs of the Metro Council Growth Management Committee and MPAC for their considerations in accordance with the H-TAC Bylaws.

i:\gm\long_range_planning\projects\housing\Fair Share\Update to Executive Officer - 052599

Attachment

cc: Bruce Warner, Metro Chief Operating Officer

H-TAC Fair Share Affordable Housing Target Options to the Metro Council Growth Management Committee for Review and Comment June 1999

Process

Metro's Affordable Housing Technical Advisory Committee (H-TAC) has been working to develop draft fair share goals since October 1998. Since soon after H-TAC was formed, a Fair Share Subcommittee has worked with Metro staff to develop fair share housing methodology and options. H-TAC voted to forward three options for Fair Share Targets in the attached Discussion Draft method and tables. These options are scheduled for public hearings in September 1999 to determine H-TAC's final recommendations to MPAC and Metro Council in October and November respectively. MPAC review and comment is needed prior to those hearings.

Summary

Regional Framework Plan Policy

- Metro Council Ordinance adopting the revised housing policy in the Regional Framework Plan (adopted 9/18/1998) required that H-TAC should submit its fair share affordable housing targets recommendation to the Metro Council nine months from the date of adoption of the ordinance (June 1999). Public hearings must be conducted and the recommendation submitted to MPAC before it is taken to the Metro Council.
- H-TAC intends to hold public hearings in September 1999 before finalizing its recommendation to MPAC and Metro Council.

Definition – what does fair share mean?

- “Fair Share” means an equitable distribution of a diverse range of affordable housing throughout the Metro Region.
- “Fair Share Targets” means affordable housing targets for each jurisdiction, as stated in the Regional Framework Plan.

Methodology

- The goal of the fair share method is to “achieve an equitable distribution of housing opportunity among local jurisdictions in the region by working toward a similar distribution of household incomes within each Metro jurisdiction that reflects the regional income distribution as a whole.”
- The fair share method assumes that housing units should be provided in such a way that will ensure that lower income households would have the opportunity to live in any jurisdiction in the region in proportion to the regional average of households in that income group.
- The fair share method is a supply-oriented assessment of the regional benchmark need for affordable housing. ***The regional benchmark need to 2017 is 90,479 units for households at less than 50% of regional median household income.*** The benchmark need is then converted to realistic fair share targets using an approach based on past production levels of assisted housing units in the region.

Five-Year Fair Share Targets

- Due to current gaps in data availability, a preliminary Five-Year Target should be set, to be reevaluated after the 2000 Census is available. Three options for a regional five-year fair share target based on the goal of the fair share method and past production levels (current regional average production rate is 1,146 units per year – rounded to 1,000 units) for assisted housing are as follows:
Option 1: 150% of Current Production = 7,500 units five-year target

Option 2: 200% of Current Production = 10,000 units five-year target

Option 3: 10% of the Benchmark Need (90,479 units) = 9,048 units five-year target

- The regionwide fair share targets were apportioned to jurisdictions based on the goal of the method.
- Focus of the five-year fair share targets is on the highest need – those in the less than 50% of region median household income category (a family of four in 1998 would earn \$26,200).
- Fair share targets are consistent with the region’s jobs-housing balance policies because the fair share method provides the opportunity for households of all income groups to live in any jurisdiction.

Major Policy Issues

The following are policy directions recommended by H-TAC. Does MPAC agree with these recommendations? If not, what approach is appropriate?

- A. Fair share goal and methodology are based on achieving an equitable distribution of housing opportunity among jurisdictions in the region by working toward a similar distribution of household incomes within each jurisdiction that reflects the regional income distribution as a whole.
- B. Focus of the fair share targets for jurisdiction is on lower income groups – those in the less than 50% of region median household income.
- C. One of the three options for five-year fair share target for the region based on a production approach listed below will be chosen for implementation to be reevaluated after the 2000 census is available:
 - Option 1: 150% of Current Production – 7,500 units
 - Option 2: 200% of Current Production – 10,000 units
 - Option 3: 10% of the Benchmark Need (90,479 units) – 9,048 units
- D. Recognizing that the proposed five-year fair share goals will require more subsidy than currently is available to produce housing units for the less than 50% of region median household income group, where will the resources come from to meet this need?

Other Policy Issues that H-TAC will be Addressing in the Future

- Should fair share targets be voluntary recommendations or mandatory requirements? Are there other options?
- Should strategies and tools for implementing the fair share targets be completely developed before final recommendation of fair share target is submitted to the Metro Council?
- Should a regional funding strategy for affordable housing be developed?
- Should a potential regional funding strategy be focused only on fair share targets?
- How should the other income groups – 51-80% and 81-120% - included in the H-TAC defined low and moderate income groups but not included in the fair share target income groups be addressed?

Next Steps

- Develop strategies and tools to help local jurisdictions reach the fair share goals, and decide on a Five-Year Goal consistent with the implementation strategies.
- Determine how to use Section 8 vouchers/certificates in assessing jurisdictional efforts towards meeting the needs of the targeted income groups and to track the use of vouchers in the region.
- Develop a methodology for monitoring and evaluating progress toward fair share goals.
- Presentation of DRAFT Proposed Method, Benchmark Need, and Five-Year Goal to MPAC, local governments, and citizens using outreach and public involvement materials before submitting recommendations to the Metro Council.
- How should the other income groups – 51-80% and 81-120% - included in the H-TAC defined low and moderate income groups but not included in the fair share target income groups be addressed?

Background

In October 1998, the H-TAC Fair Share Subcommittee began by discussing methods for allocating fair share housing targets used in other parts of the United States.

H-TAC members of the Fair Share Subcommittee include:

Chair Tasha Harmon (*Community Development Network*)
Vince Chiotti (*Oregon Housing and Community Services Department*)
Tom Cusack (*US Department of Housing and Urban Development*)
David Lawrence (*City of Hillsboro*)
Doug McClain (*Clackamas County*)
Mike Saba (*City of Portland*)
Andree Tremoulet (*City of Gresham*)
Roger Vonderharr (*City of Fairview*)
Susan Wilson (*Washington County Housing Services*)

The Subcommittee spent a lot of time reviewing data and discussing formulas, and came to an agreement that it may not be possible to develop perfect fair share targets, but to strive to develop objective targets. The Subcommittee also agreed that there is a definite connection between fair share targets and strategies, hence H-TAC's objective should ensure that effective strategies and tools are developed for successful implementation of the targets.

After much consideration, in February 1999, the Subcommittee presented three possible methods for fair share allocation to H-TAC. The Subcommittee was directed by H-TAC to focus on the redistributive approach of Method A, which is based on redistributing households in H-TAC defined income groups¹ throughout the region so that all jurisdictions contain a similar income mix. HTAC recognized that the focus of this approach should be on developing a benchmark regional need number for affordable housing and that the subcommittee should also develop a methodology for adjusting the benchmark need to more realistic fair share targets.

In March and April 1999, the Growth Management Services Department received a grant from the Oregon Department of Land Conservation and Development to acquire additional data to develop a more current estimate of the regional housing stock. During the same period, the Subcommittee and staff focused on determining criteria that could be used to adjust the overall benchmark need to a more realistic fair share target. In fulfilling the requirements of the Regional Framework Plan, the Subcommittee considered if the benchmark need is consistent with jobs-housing balance policies of the region. Based on Subcommittee recommendations, H-TAC concluded that the Proposed Fair Share Method (formerly called Method A) addressed the jobs-housing balance by providing households of all income groups the opportunity to live in any jurisdiction. Other factors considered by the Subcommittee for adjustment of the benchmark need include past production levels and development cost.

In May the Subcommittee presented to H-TAC a Proposed Fair Share Method to obtain fair share benchmark affordable housing need numbers and a method of developing ambitious but reasonable fair share targets or goals for jurisdictions.

Goal of Fair Share Method

The goal of the Proposed Fair Share Method (on the **gray colored page**) is as follows:

Achieve an equitable distribution of housing opportunity among local jurisdictions in the region by working toward a similar distribution of household incomes within each Metro jurisdiction that reflects the regional income distribution as a whole. This goal is implemented in the Proposed Fair Share Method by using the percentage of households in each of the H-TAC defined income groups for 1995.

¹ <30% Regional Median Household Income, 30-50% RMHI, 51-80% RMHI, 81-120% RMHI.

Draft Fair Share Benchmark Need

The Fair Share Subcommittee felt that it was crucial to start with a good picture of the overall regional need for affordable housing prior to developing fair share targets. The purpose of the Fair Share Benchmark Need is to show the regional need for affordable housing to 2017, recognizing that addressing the entire problem through fair share targets is not realistic. After much research and discussion, the following approach results in a Fair Share Benchmark Need. Further explanation can be found on the **gray colored page**.

- A. Metro projections for number of households by jurisdiction in 2017.
- B. Apply regional percentages of households in H-TAC defined income groups to determine redistribution of households by jurisdiction.
- C. Account for existing (1998) housing stock affordable to H-TAC defined income groups by jurisdiction.
- D. Subtract the number of redistributed households from the amount of housing affordable to them by income group for each jurisdiction to determine the need for additional units.

The enclosed **salmon colored table** entitled “*DRAFT Fair Share Benchmark Need*” contains the results of the Proposed Fair Share Method.

Assumptions

The Proposed Fair Share Method is based on the following main assumptions.

1. *2017 Time Horizon.* The draft fair share benchmarks indicate the number of units of housing needed for new and existing households in the H-TAC defined income groups between now and 2017.
2. *Supply-side orientation.* This approach is supply oriented – it focuses on the number of households in an income group and the commensurate number of housing units. It does not account for the availability of a specific unit.
3. *Redistributive assumption.* Housing units should be provided in such a way that will ensure that lower income households would have the opportunity to live in any jurisdiction in the region in proportion to the regional average of households in that income group.
4. *Formula should be evaluated when 2000 Census data becomes available.* The formula currently redistributes households based on the percent of households in the region in H-TAC defined income groups for 1995, when the most recent data is available. All of the data, as well as the targets, should be updated when regionally consistent good information is available after the 2000 Census.

Benchmark Need: The overall regional benchmark need for households at less than 50% of regional median household income is 90,479 housing units.

Caveats

Some general but important concerns expressed by some members of the Subcommittee are as follows:

- There is a margin of error in the model when it is applied to the smaller cities, such as Johnson City or Maywood Park.
- The Proposed Fair Share Method may understate the actual total affordable housing need because the method assumes that households will purchase or rent housing commensurate with their income level. Units that appear to be affordable may not necessarily be available to low-income households as households at higher income levels may occupy them.
- Tenure is an important issue that is not considered in the formula, but can be addressed through strategies and other tools. Tenure can also be included when the 2000 Census data is available. An example of how tenure may impact the benchmark numbers is that owner-occupied housing stock might show up in the data as being expensive when in reality the owner is paying little since the house was purchased many years ago.

- Currently there are approximately 7,000 Section 8 Vouchers/Certificates in use in the Metro region. The Fair Share Subcommittee decided to exclude vouchers in the Proposed Fair Share Method to avoid double counting.

Setting Realistic Fair Share Targets

After developing the Fair Share Benchmark Need, the Fair Share Subcommittee was faced with the need to translate the overall regional need into fair share targets that were realistic for local jurisdictions.

Basic Recommendation

After much discussion, H-TAC accepted the following Fair Share Subcommittee recommendations:

- The emphasis and focus of setting fair share goals should be on the income groups that have the highest need – households at less than 50% of regional median household income.
- While some subsidies cannot be applied to the lowest income levels, the majority of public subsidies be directed toward households at the lower income levels.
- The working total benchmark number as a result of the Proposed Fair Share Method is 90,4792 until the 2000 Census data is available, at which time the benchmark number will be reevaluated.
- Due to current gaps in data availability, a preliminary Five-Year Target should be set, to be reevaluated after the 2000 Census is available.
- Other income groups (51-80% and 81-120%) should not be ignored, especially in those jurisdictions where a need is shown for additional housing.

Setting Five-Year Targets

In an effort to develop a reasonable but ambitious goal for housing production in the region, the Fair Share Subcommittee looked at the past production of assisted housing in the region. Below is a summary of the process for developing options for a five-year fair share target for the region.

- Develop options for a five-year assisted housing target for the region, to be decided upon after further development of implementation strategies.
- From 1992 to 1997, current available data shows that the average production rate for assisted rental housing was 1,146 units per year. The Subcommittee agreed that approximately 1.5 times the current average production rate (rounded to 1,000 units) would be an ambitious but reasonable goal of 1,500 units per year.
- The preliminary options for a five-year target for the region, based on a production goal approach, are as follows:
 - Option 1: 150% of Current Production – 7,500 units***
 - Option 2: 200% of Current Production – 10,000 units***
 - Option 3: 10% of the Benchmark Need (90,479 units) – 9,048 units***
- Achievement of any of these goals will require more than the current available resources, as most units currently are not produced for households at more than 50% of regional median income. It requires more subsidy to produce housing units for households at lower income levels.

The table in the **green colored page** shows options for a Five-Year Assisted Housing Goal for local jurisdictions and the region. The goals for local jurisdictions are based on a percentage of their overall benchmark need for units affordable to households with income levels at <50%, as well as the proportion of need by targeted income group in each jurisdiction.

2 66,245 households in need at less than 30% of regional median income plus 24,234 households in need at the 30-50% of regional median income level.

MEMORANDUM

Date: March 15, 1999
To: H-TAC
From: Staff
Subject: Proposed methodology for updating inventory of market rate housing stock

Existing market rate affordable housing is a key piece of data that must be gathered prior to the model run of the final fair share allocation formula. After many meetings with the H-TAC Fair Share Subcommittee, it has been determined that the data must be updated from the 1990 US Census. The Subcommittee directed staff to propose a methodology and submit to H-TAC at the March 15, 1999 meeting.

Staff proposes the following methodology to update the market rate affordable housing inventory from the 1990 US Census data.

- 1) ***Owner-occupied units.*** Staff will use the Regional Land Information System (RLIS) and the data from the tax assessors in each of the three Metro counties to provide an up to date picture of the current inventory of affordable owner occupied housing.
- 2) ***Rental units.*** Due to the different types of rentals, more than one method will be combined to obtain the most accurate estimate possible.
 - Staff will use data from Marathon Management to update the inventory for complexes with 15 units and more, including both location and ranges of rental cost.
 - Staff will use a database developed by Metro's Regional Environmental Management recycling program to identify the location of complexes containing 5-14 units. The rental cost will be updated using 1990 Census data as a basis and comparing with current rental costs as outlined in Marathon Management or McGregor Millette data.
 - Staff will update the inventory for single family rentals and complexes containing less than five units by using 1990 Census data as a basis, and the 1995 American Housing Survey to determine the percentage change from 1990 in units. Staff will then update the rental cost by comparing the change in overall rents from 1990 to data from Marathon Management, etc.

Update Schedule

Staff can complete an update of the market rate housing inventory within the next month and will transmit the results to the Fair Share Subcommittee for further review and directions on how to apply the data.

Future Updates

The Fair Share Subcommittee and staff propose that, due to the fact that the most accurate information is collected through the US Census, data produced from the above methodology should be acceptable for setting fair share goals for jurisdictions. The goals could be updated after the 2000 Census data are available. Thereafter, the goals could be updated at least every ten years with current US Census data.