

Chapter Two: Affordable Housing Needs

I. INTRODUCTION

Shelter is one of the most basic of human needs, and everyone needs a home. Despite the strength of Oregon's economy as a whole, and that of the Metro region specifically, many families find it difficult to obtain safe, decent, and affordable homes.

A lack of sufficient affordable housing opportunities affects the region in a variety of ways, reducing overall livability and economic viability for all residents.

This chapter includes:

- a definition of affordable housing and brief discussion of who needs affordable housing,
- a brief summary of Metro's *1997 Housing Needs Analysis*,
- information on the need for affordable housing identified by the three counties in the Metro region for their current consolidated planning process, and
- an analysis of the current and projected need for affordable housing based on H-TAC defined goals to provide affordable housing opportunities in all jurisdictions.

Based on the best available data, H-TAC identified a benchmark need for affordable housing in the region to be used in developing goals for the *Regional Affordable Housing Strategy (RAHS)*.

II. WHO NEEDS AFFORDABLE HOUSING?

The shortage of affordable housing affects a wide range of residents – particularly for households earning 50% or less of the region's median household income (MHI).¹ The United States Department of Housing and Urban Development (HUD) defines affordable housing as costing a household no more than 30% of its income. For renters, housing costs include rent and utilities. For homeowners, it includes principle, interest, taxes, property insurance, and mortgage insurance, if applicable.

The American Housing Survey for the Portland metropolitan area estimated that 36,800 households (82%) earning less than 30% of MHI paid more than 30% of their income for housing costs in 1995 (the most recent year for which reliable data is available). (The American Housing Survey is conducted for HUD by the Census Bureau every two years, as described in the *Glossary*.) This indicates that a majority of the region's citizens earning lower incomes are paying more for housing than they can afford.

¹ Median Household Income (MHI). Each year HUD establishes the median household income for states and metropolitan areas, adjusted for household size. The formula used to determine median incomes is based on data from the U.S. Census and other relevant information. See Appendix F for more information on methodology.

WHO IS TRYING TO FIND AFFORDABLE HOUSING?

The scenarios described here are real-life examples of people in the Metro region who are struggling with housing affordability.

Sonja



Sonja owns a two-bedroom home in Southeast Portland with her newborn baby and 6-year old daughter. She is on maternity leave from a full-time job as a case manager at a nonprofit public defenders office. Sonya earns \$2,380 per month (62%MHI for a family of three) at her job and receives \$335 in child support for her older daughter. With a house payment of \$764, childcare and education expenses at \$600, health insurance for her baby at \$260 per month, only \$221 remains for other expenses including food.

Mike and Jenny



Mike and Jenny are a young married couple with a baby who live and work in the Tigard area. Both work in retail sales. Mike works full time, Jenny just returned to work part time as a cashier for a department store. Together they earn \$26,880 annually (56%MHI for a family of three). The family is over income for any public benefits. Only the baby has medical insurance. After fixed monthly costs, including monthly rent of \$560, they have only \$507 left to buy food and other necessities.

According to the same survey, 189,000 renter households (81%) and 211,800 homeowners (49%) met the regional definition of moderate or low income.² Table 2 shows examples of the income levels and occupations of the low- and moderate-income households.

Table 2. Income levels and Occupations

Percent of Median Household Income (MHI)	Size of Household & Occupations
Less than 30% MHI	<ul style="list-style-type: none"> • 1 person: fast food worker, service station attendant • 4 people: preschool teacher with 3 children
30-50% MHI	<ul style="list-style-type: none"> • 1 person: home health aide, hairdresser, receptionist • 4 people: dental assistant with 3 children; fast food worker and a service station attendant with 2 children
51-80% MHI	<ul style="list-style-type: none"> • 1 person: emergency medical technician, computer operator • 4 people: full time registered nurse or social worker with 3 children; teacher's aide and bank teller with 2 children
81-120% MHI	<ul style="list-style-type: none"> • 1 person: computer programmer, corrections officer, carpenter • 4 people: electrical engineer or health services manager with 3 children; dental assistant and a maintenance worker with 2 children

In today's economy there are many full time jobs that pay less than a "housing wage" (\$10-13/hour in this region). The housing wage is the amount a worker would have to earn in order to work 40 hours per week and afford a one or two bedroom apartment (depending on household size) at the fair market rent.³ These low wage jobs help to create an additional need for affordable housing. Low paid workers with children have a critical need for affordable housing, as they often face the additional burden of paying for childcare. Many young adults enrolled either full or part time in college may also need affordable housing.

Homeownership Affordability Gap

Before 1990, housing in the Portland metropolitan region was relatively affordable. In 1990, average home prices had risen by 33% while median household incomes rose by only 24%. By 1998, the demand for housing was compounded by a two percent annual increase in population. From 1990-1998, the region experienced an annual increase in real housing prices of about 10% per year. Since 1990, the median cost of single-family housing in the region has increased by about 100%, and in this same period, the median

² H-TAC defined very low, low and moderate income groups include: less than 30%MHI, 30-50%MHI, 50-80%MHI, 80-120%MHI.

³ *Out of Reach*, National Low Income Housing Coalition, 1999.

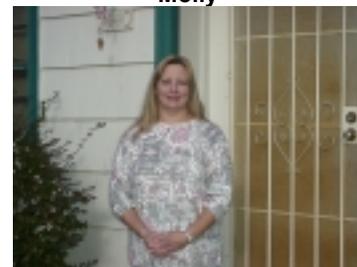
WHO IS TRYING TO FIND AFFORDABLE HOUSING?

Ben



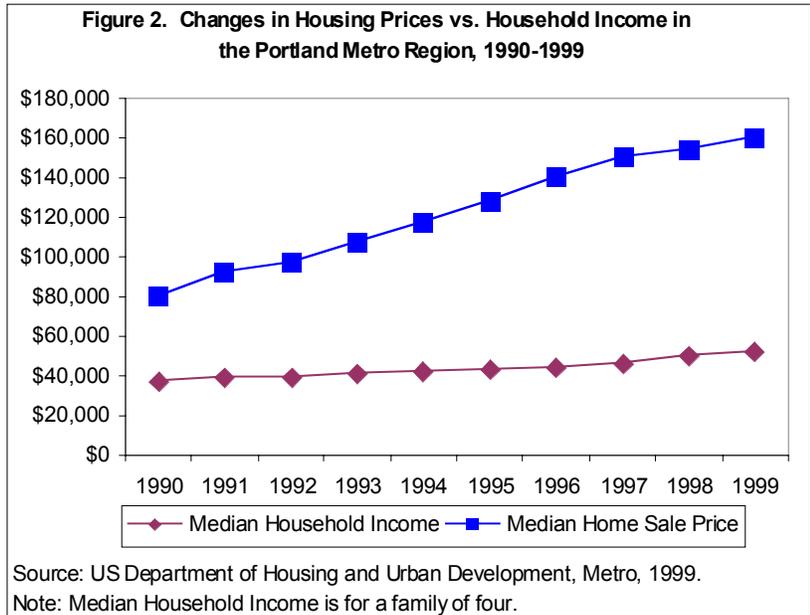
Ben is a 92-year-old widower who receives \$665 per month in Social Security benefits (21%MHI). He lives in a subsidized apartment complex designed for older residents. He pays \$503 per month in rent and utilities. Ben has publicly funded housekeeping services and personal care. Without this assistance, he would need to move to a care facility and lose his independence.

Molly



Molly rents a two-bedroom apartment in Clackamas County with her 16-year-old son. She drives a school bus full time and earns roughly \$1,885 per month. Because of the heavy burden of past debt, Molly is only able to make ends meet through the subsidized rent provided by Northwest Housing Alternatives.

household income increased by only 28%. Figure 2 below describes the changes in household incomes vs. housing prices in the Metro region over the last ten years. In short, the figure shows that home sales prices have increased dramatically while incomes have not.



Rental Affordability Gap

While many households searching for homes to buy are facing affordability problems, even more families searching for homes to rent have difficulty finding safe, decent, affordable housing. Unfortunately, the data available do not tell the complete story for renters. Figure 3 below shows that average rental rates have changed rapidly over the last several years, with a relative drop compared to median household income more recently. Thus, many people might conclude that renters are actually in good shape in our current economy.

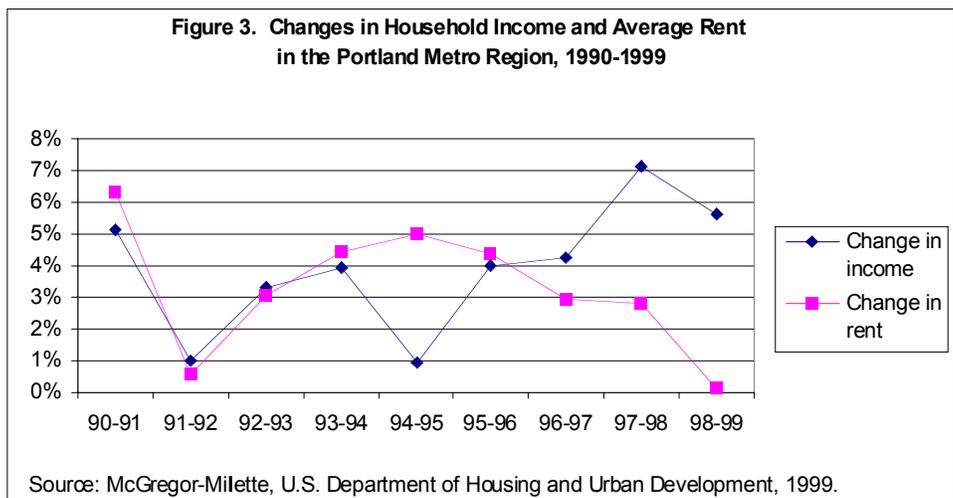
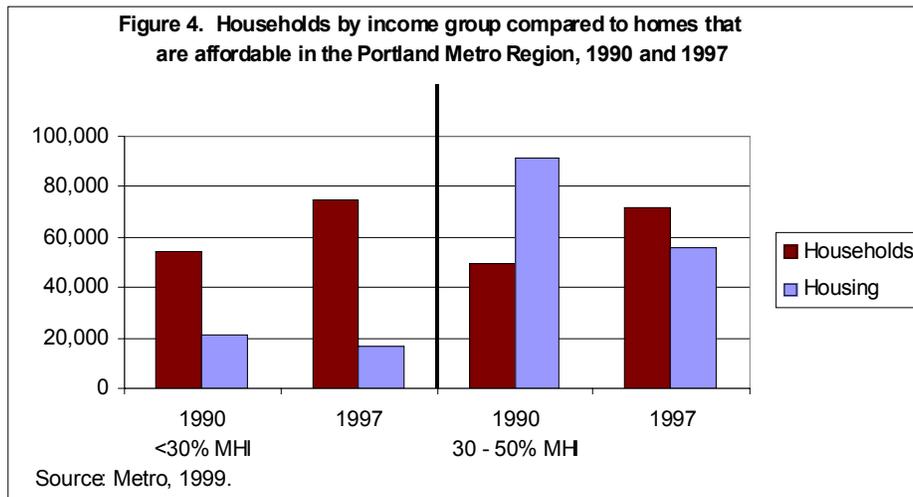


Figure 3 above indicates that increases in rental rates have been dropping in recent years. This can be attributed to many market factors, most tellingly a large increase in the supply of new apartment buildings in the mid-1990's. The "oversupply" caught up with the demand, and the average increase in rental rates began to drop relative to changes in household income.

But what about rental rates for *affordable* housing for households earning 50% or less of MHI? Specific data on the number of rental units and rates are not currently available, but a proxy is shown in Figure 4 below. Figure 4 shows that, while the number of *households* earning less than 50% MHI have increased from 1990 to 1997, the number of *housing units* affordable to these households has actually decreased. In other words, the supply of homes affordable to lower income households has been reduced while the demand has increased.



Regional data also fail to account for neighborhood changes. For example, Washington County rents flattened, but Northeast and Southeast Portland rents have skyrocketed, causing displacement of many residents no longer able to afford to remain in their neighborhoods.

Special Issues for Residents of Manufactured Home Parks

Many low- and moderate-income people choose to purchase manufactured homes to be located in a manufactured home park as an affordable housing option. While all types of households may live in manufactured home parks, two examples of household types include young families eager to purchase their first home and elderly people looking for a way to downsize and reduce housing costs for their retirement years. A manufactured home park is often viewed as an affordable home ownership option since the manufactured home is purchased but often placed in a park on a rented lot. While manufactured homes were originally called "mobile homes" and were intended to move, the cost of moving the homes is generally out of the reach of the owners. Given this situation, manufactured home owners are frequently faced with increasing rents for the land their home sits on, along with the other responsibilities of maintaining the home. This situation provides the owner with the worst of the issues facing a homeowner and a renter – increasing maintenance costs combined with increasing land rents. Many elderly households face the problem of increasing rents and higher maintenance costs on aging homes.

Another issue also faces manufactured home owners, particularly those who have purchased these homes recently. Throughout the booming economy of recent years, the manufactured home industry has grown and has been aggressively marketing the homes. However, as described in the Oregonian, "loans for manufactured homes placed in rental parks are not true mortgages and carry higher interest rates than

those for stick-built houses.”⁴ Many of the loans have adjustable rates, with a “teaser” first year rate that climbs dramatically. High interest rates combined with climbing rental rates often result in abandonments and foreclosures of manufactured homes, leaving households remaining in their homes with even less appreciation than may have occurred in the first place. Many families wishing to get out of their manufactured homes are unable to sell. Implementation of strategies to address these issues would provide a crucial link in the provision of an array of affordable housing options in the region.

III. METRO’S 1997 HOUSING NEEDS ANALYSIS

In 1997 Metro developed a *Housing Needs Analysis* for the region. The *Housing Needs Analysis* examined ways that affordable housing issues could be addressed on a regional level and identified tools jurisdictions could use to achieve their respective housing goals. The primary concerns addressed in the report included the widening gap between household income and cost of housing; an increase in population and homelessness; rising land costs; and the lack of available land. The report also estimated the types and quantities of housing needed in the region over a 20-year period as well as projected land prices.

Determining the amount of affordable housing needed is required by the Oregon Department of Land Conservation and Development’s *Housing Goal 10* and other state laws; but as with many parts of the planning process, it is a forecast that is dependent on many assumptions. To determine the need for affordable housing, Metro constructed the Real Estate Location Model (RELM) that uses several variables to estimate the costs of future housing. RELM essentially holds the population forecast constant and compares the expected income level of the future population with the cost of housing. This results in an estimate of needed affordable housing, in other words, housing that the market will most likely not provide at price levels that are affordable to the entire regional population.

The *Housing Needs Analysis* identified a need for affordable housing and provided a starting point for developing policies to address affordable housing at the regional level.

Since the December 1997 *Housing Needs Analysis*, there have been other studies that have shown more current estimates of affordable housing needs. These estimates are in Clackamas County’s *2000-2002 Consolidated Plan*, Washington County’s *Housing and Homeless Needs Assessment and Housing Market Analysis* from December 1999, and the February 2000 issued joint *Consolidated Plan 2000-2005* of the cities of Portland and Gresham and Multnomah County.

IV. CITY/COUNTY CONSOLIDATED PLANS (2000)

Local jurisdictions receiving funds from HUD are required to develop a Five-Year Consolidated Plan. The goal of the strategies incorporated into the plans is to benefit low- and very low-income people under the following mission statements:

- Provide decent housing;
- Provide a suitable living environment; and
- Expand economic opportunities.

The Consolidated Planning process blends four formula programs administered by HUD: the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), the Emergency Shelter Grant (ESG), and Housing for Persons with AIDS (HOPWA). Consolidated plans also describe housing and community development needs. One major drawback to these most recent consolidated plans is the difficulty of obtaining current data because Census data used in these plans is 10 years old.

⁴ Gordon Oliver. “Dreams tumbling down.” *The Oregonian*, May 9, 2000.

The three Consolidated Plans for the Metro region are the *Clackamas County 2000-2002 Consolidated Plan*, *Consolidated Plan 2000-2005 Multnomah County*, and *Washington County Housing and Homeless Needs Assessment and Housing Market Analysis Draft*. Each consolidated plan identified the elderly, persons with disabilities, and low- to moderate-income households as having the greatest need for affordable housing.

Elders

The nation's elderly population (60 years old and above) is increasing rapidly. In 1900 the elderly population equaled four percent of the population, grew to 12 percent in 1990, and is projected to increase to 20 percent by 2020. Data maintained by the Metro Data Resource Center shows that the population of persons 65 and older grew by 6.5 percent between 1995 (162,662) and 1999 (173,221).

Most seniors typically live on fixed incomes, including Social Security Benefits (SSB), pensions, and retirement investments. Some seniors depend solely on SSB, and receive approximately \$500-800 per month. Seniors may also receive Supplemental Security Income (SSI) if they receive SSB below \$520. Meanwhile, the HUD "fair market rent" (HUD's estimate of the current market rent) for a studio is \$463 and a one-bedroom apartment is \$569⁵ in the Portland metro region. According to Multnomah County Aging and Disability Services, nearly half of elderly renters in Oregon spend over 35 percent of their income on rent, often making a choice between food, utility bills, and even medication to afford housing. The need for strategies to address issues seniors face in finding affordable housing will only grow as the population continues to increase over the next several years.

People with Disabilities

The household budgets of many people with disabilities are so low as to make apartment rental extremely difficult. A majority of people with disabilities are at 30 percent or less of the median household income. Many people with disabilities subsist on Supplemental Security Income (SSI) benefits of \$500 per month. A study conducted in 1999 found that SSI in the region is only 18.3 percent of the median income⁶. In 1999, rent for an efficiency apartment took 86 percent of SSI and a one bedroom was not obtainable, at 105.9 percent of SSI. This inability to afford rental payments contributes to many people with disabilities living in difficult conditions, such as in a friend or relative's home, or inaccessible apartments (on a second floor with no elevator when the person must use a wheelchair). Accessible and affordable apartments available in the region for this population are not sufficient to meet the need.

People with disabilities generally do not exist in isolation, they have families and may also be children. Families with a disabled member and individuals with disabilities often have difficulty finding affordable housing that is suitably accessible. People with disabilities may have functional limitations, vision impairments, difficulties hearing, problems with mobility, or a combination of disabilities including substance abuse. Many people with disabilities have difficulty going outside alone, and may also be unable to work due to their disabilities. The 1996 American Community Survey Profile for Multnomah County estimates the number of people with disabilities to be 37,912 or six percent of the total county population. According to Clackamas County Community Development, the total number of people with disabilities in Clackamas County is 25,736. Similar data are not available for Washington County.

One subset of people with disabilities includes those with "psychiatric disabilities," or people whose serious mental illness limits their ability to perform some activities of daily living. People with psychiatric disabilities may have special housing issues, including a lack of affordable housing. The prevalence of people with psychiatric disabilities is thought to range from one to three percent of the

⁵ Published in the October 1, 1999 Federal Register.

⁶ "Priced Out in 1998 – The Housing Crisis for People with Disabilities." The Technical Assistance Collaborative, Inc. and The Consortium for Citizens with Disabilities Housing Task Force, March 1999.

general adult population. In 1999, the number of people with psychiatric disabilities served with state dollars was 1,742 in Clackamas County, 10,469 in Multnomah County, and 1,688 in Washington County.

Another subset of people with disabilities includes those with “developmental disabilities,” or people with mental retardation, autism, cerebral palsy, epilepsy, or other neurologically disabling conditions that have been attained before the age of 22. The total number of people with a developmental disability in Multnomah County is estimated to be 19,250 (three percent of the total population), and in Clackamas County is estimated by Clackamas County Mental Health to be 4,300. Similar data are not yet available from Washington County.

Low- to Moderate-Income Households

In addition to housing for the elderly and people with disabilities, each county identified other specific populations that have a critical need for more affordable housing. These specific populations, shown in Table 3, are part of the low-to moderate-income households that have the greatest need for affordable housing.

Table 3. Housing Needs Identified by local Consolidated Plans

Clackamas County	Multnomah County	Washington County
Persons with AIDS/HIV	Persons with AIDS/HIV	Farmworker families
Persons with alcohol/drug addictions	Persons with alcohol/drug addictions	Large families
Farmworkers	Renters earning 80% or less of MHI	Recent immigrants
Victims of domestic violence	Victims of domestic violence	Victims of domestic violence
Female headed households	Formerly homeless persons	Single mothers
Pregnant and parenting teens	Ethnic and racial minorities	Ethnic and racial minorities
Large families	Adults in the criminal justice system	
Seasonal workers	Youth ages 16-20 who are or have been in foster care	

V. H-TAC DETERMINED AFFORDABLE HOUSING NEED

As mentioned earlier, a key component of H-TAC’s charge was to develop fair share targets for jurisdictions in the Metro region reflecting the current and future affordable housing needs of the region.

The targets will be consistent with the affordable housing and jobs-housing balance policies established in the Regional Framework Plan. The determination of housing needs and numerical targets will include consideration of existing jurisdictional proportions of affordable and non-affordable housing supply and the roles of existing providers of housing... The “fair share” targets shall be based upon housing inventories and other factual information concerning the regional and subregional demand, supply and cost of housing and buildable lands, and the income levels and housing needs of current and future residents. (*Regional Framework Plan, Section 1.3, p. 4*).

While H-TAC has addressed the items as described in the RFP, some terminology was changed as a result of much discussion. The most important change in terminology was to replace the phrase “fair share targets” with “affordable housing production goals,” as described below.

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.

However, as indicated in Table 1 in Chapter One describing Metro’s policies, the concept of a “fair share” housing policy is not new to the region. The Regional Urban Growth Goals and Objectives (RUGGOs), originally adopted in 1991 and amended in 1995, include a set of integrated goals and objectives. Objective 17, Housing, states that “(t)he Metro Council shall adopt a ‘fair share’ strategy for meeting the housing needs of the urban population in cities and counties based on a subregional analysis...”

H-TAC felt it was crucial to begin with a good picture of the overall regional need for affordable housing prior to developing affordable housing production goals.

Based on this conclusion, the RFP charge to H-TAC, and previous regional policies, H-TAC formed a subcommittee in October 1998 to develop a formula and methodology for determining need and distributing affordable housing. This formula may be called the “affordable housing distribution method” and results in a determination of the region’s overall need for affordable housing.

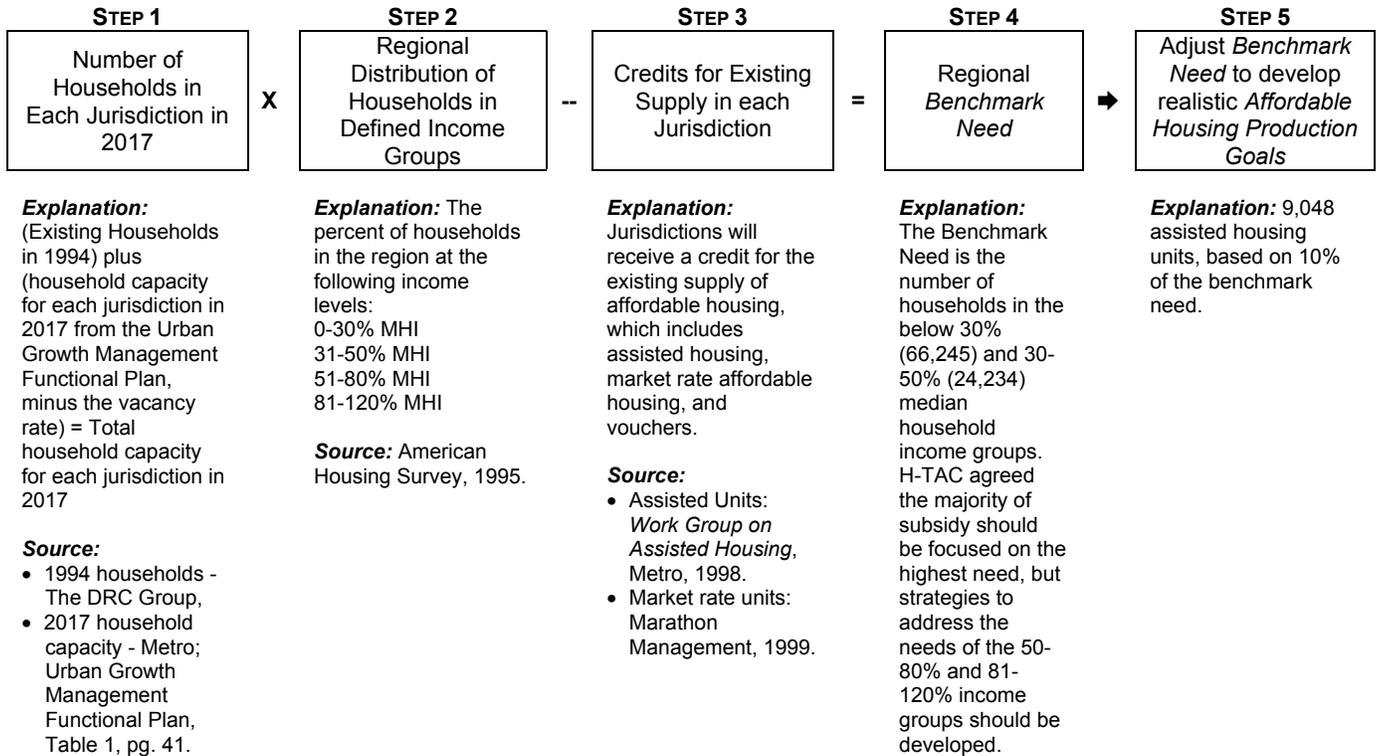
The goal of the affordable housing distribution method is to ***“achieve an equitable distribution of housing opportunity among local jurisdictions in the region by working toward a similar distribution of household incomes within each Metro jurisdiction that reflects the regional income distribution as a whole.”***

The affordable housing distribution 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 method is a supply-oriented assessment of the regional Benchmark Need for affordable housing. The purpose of the Benchmark Need is to show the regional need for affordable housing to 2017.

After much research and discussion, the following approach results in a Benchmark Need of 90,479 units for households 50%MHI and below, as described in Figure 5 and shown in Table 4 on the following pages.

Figure 5. Description of Process for Determining the Benchmark Need for Affordable Housing

$$[(\text{Number of Households in Jurisdiction in 2017}) \times (\text{Percent of Regional Households in Each Income Group})] - (\text{Credit for Assisted Units in Jurisdiction}) - (\text{Number of Market Rate Affordable Units in Jurisdiction}) = \text{Benchmark Need for each Jurisdiction}$$



In developing the approach described above, H-TAC worked from existing data sources and took into account previously adopted policies to keep the affordable housing production goals consistent with other regional goals and policies. The goals and the Benchmark Need are consistent with the projected density for the region to 2017, as well as being consistent with what is known as “Table 1 of the Functional Plan.” Table 1 in the Urban Growth Management Functional Plan describes the number of dwelling units that local governments have agreed to provide to meet the projected growth for the region.

The RFP policy directed H-TAC to consider the jobs/housing balance in the determination of affordable housing production goals. H-TAC conducted an extensive analysis to determine the impact that the affordable housing production goals might have on the jobs/housing balance in the region. The results of the analysis indicated that achievement of the Affordable Housing Production Goals would be consistent with the region’s jobs-housing balance policies because the affordable housing distribution method provides the opportunity for households of all income groups to live in any jurisdiction.

Table 4. 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)

The method for determining the Benchmark Need is based on the following assumptions:

- *2017 Time Horizon.* The Benchmark Need indicate the number of units of housing needed for new and existing households in the H-TAC defined income groups between now and 2017.
- *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.
- *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.
- *Formula should be evaluated when 2000 Census data become 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 goals, should be updated when regionally consistent good information is available after the 2000 Census.

Some general but important caveats regarding the Benchmark Need are as follows:

- There is a margin of error in the methodology when it is applied to the smaller cities, such as Johnson City or Maywood Park.
- The Benchmark Need 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 (whether a resident owns or rents their home) 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.

Based on the Benchmark Need and other analyses of affordable housing need conducted in this region, H-TAC developed affordable housing production goals as described in the following chapter.