From the just released National Low-Income Housing Coalition report: ***Out of Reach – The High Cost of Housing***
Out of Reach 2021 (nlihc.org) PDF page 209

| | **FY 21 Housing Wage** | **Housing Costs** | | | **Area Median Income (AMI) 100% of AMI and 30% of AMI** | | | | **Renters** | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Eugene-Springfield MSA** | Hourly wage necessary to afford 2, 1, or no Bedroom at FY 2021 Fair Market Rent (FMR) | 2, 1, no Bedroom FMR | Annual Income needed to afford 2, 1, or no BR at FMR | Full-time jobs at minimum wage[1] to afford 2, 1, or no BR at FMR | FY 21 Annual AMI | Monthly rent affordable at 100% of AMI[2] | 30% of AMI (ELI) household | Monthly rent affordable at 30% of AMI (ELI) household | Renter households 2015-2019 | % of total households 2015-2019 | 2021 Estimated hourly mean renter wage | Monthly rent affordable at mean renter wage | Full-time jobs at mean renter wage needed to afford 2BR FMR |
| | $23.10 | $1,201 2 BR | $48,040 | 1.8 | $71,200 4 people | $1,780 | $21,360 | $534 | 62,953 | 41% | $13.53 | $703 | 1.7 |
| | $23.10 | $1,201 2 BR | $48,040 | 1.8 | $64,100 3 people | $1,603 | $19,230 | $481 | 62,953 | 41% | $13.53 | $703 | 1.7 |
| | $17.64 | $917 1 BR | $36,691 | 1.38 | $57,000 2 people | $1,425 | $17,100 | $428 | 62,953 | 41% | $13.53 | $703 | 1.3 |
| | $17.64 | $917 1 BR | $36,691 | 1.38 | $49,900 1 person | $1,248 | $14,970 | $374 | 62,953 | 41% | $13.53 | $703 | 1.3 |
| | $15.23 | $792 Studio | $31,678 | 1.19 | $57,000 2 people | $1,425 | $17,100 | $428 | 62,953 | 41% | $13.53 | $703 | 1.13 |
| | $15.23 | $792 Studio | $31,678 | 1.19 | $49,900 1 person | $1,248 | $14,970 | $374 | 62,953 | 41% | $13.53 | $703 | 1.13 |

[1] This calculation uses the higher of the county, state, or federal minimum wage, where applicable. Eugene Minimum Wage $12.75/hour = Annual $26,520.
[2] Affordable rents represent the generally accepted standard of spending not more than 30% of gross income on gross housing costs.

| | FY 21 Housing Wage | Housing Costs | | | Area Median Income (AMI) 50% of AMI and 80% of AMI | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Eugene-Springfield MSA** | Hourly wage necessary to afford 2, 1, or no Bedroom at FY 2021 Fair Market Rent (FMR) | 2, 1, no Bedroom FMR | Annual Income needed to afford 2, 1, or no BR at FMR | Full-time jobs at minimum wage[3] to afford 2, 1, or no BR at FMR | FY 21 Annual AMI | Monthly rent affordable at AMI[4] | 50% of AMI (VLI) household | Monthly rent affordable at 50% of AMI (VLI) household | 80% of AMI (LI) household | Monthly rent affordable at 80% of AMI (LI) household |
| | $23.10 | $1,201 2 BR | $48,040 | 1.8 | $71,200 4 people | $1,780 | $35,600 | $890 | $56,960 | $1,424 |
| | $23.10 | $1,201 2 BR | $48,040 | 1.8 | $64,100 3 people | $1,603 | $32,050 | $801 | $51,280 | $1,282 |
| | $17.64 | $917 1 BR | $36,691 | 1.38 | $57,000 2 people | $1,425 | $28,500 | $713 | $45,600 | $1,140 |
| | $17.64 | $917 1 BR | $36,691 | 1.38 | $49,900 1 person | $1,248 | $24,950 | $624 | $39,920 | $998 |
| | $15.23 | $792 Studio | $31,678 | 1.19 | $57,000 2 people | $1,425 | $28,500 | $713 | $45,600 | $1,140 |
| | $15.23 | $792 Studio | $31,678 | 1.19 | $49,900 1 person | $1,248 | $24,950 | $624 | $39,920 | $998 |

[3] This calculation uses the higher of the county, state, or federal minimum wage, where applicable. Eugene Minimum Wage $12.75/hour = Annual $26,520.

[4] Affordable rents represent the generally accepted standard of spending not more than 30% of gross income on gross housing costs.

There are four main stories here:

1. GREEN Households that rent and make 80% or more of AMI are unlikely to be "housing cost burdened."
2. **YELLOW** Households that rent and make at or above Eugene's hourly wage and have TWO wage earners are less likely to be "housing cost burdened."
3. **ORANGE and RED** The *true* "housing affordability crisis" is among households that rent and that don't fall in one the first two situations. These are almost entirely households within the lower range of Low Income (LI, HHI of 50% to 80%), Very Low Income (VLI, HHI of 30% to 50% of AMI) and Extremely Low Income (ELI, HHI less than 30% of AMI).
4. Households that rent and make the mean hourly wage, or close to it, and have only ONE wage earner are generally "housing cost burdened."
   Their *most affordable* option is a STUDIO apartment, requiring only 35%± of their household income, which reduces the monthly income available for other necessary expenses by about $118 (e.g., from $1,642 to $1,524).

To maximize the contribution of market-rate, "Middle Housing" infill development would require (roughly) these actions:

**Analysis:**

1. For the three income categories (LI, VLI, and ELI), determine the matrices of Eugene households by number of members in the household and the respective composition, *e.g.*, potential wage earners and dependents (children and others)
2. Based on the data in these matrices, for each of the cells in each matrix, determine the *minimum* number of bedrooms that the household requires. Sum the need for Studios, 1-bedroom and 2-bedroom dwellings and the adequate square footage for each size.
3. Inventory the existing dwellings of each size that are at or below the FMR.
4. Calculate the shortage of needed dwellings of each size.

**Policy:**

5. Prioritize creating inventory of each size, based on the size of the deficit and the extremity of housing cost burden for households that could fit that size.
6. Determine code restrictions on bedrooms and square footage with provisions for greater flexibility, based on developers' agreements for rent maximums.

Somewhat intuitively, the greatest benefit from market-rate, "plexes," allowed as infill developments, would be studio apartments, compact 1-bedroom apartments, and adequately larger 1-bedroom apartments with approved areas where a third or fourth person can sleep, *e.g.*, two parents and one or two children *per HUD standards*.

Contrast this *evidence-based* approach to benefitting low-income renters with the Planning Division's *evidence-free* approach to radically deregulating residential criteria to benefit investors and developers who will make the rational decision to develop only larger, 2-, 3-, and 4-bedroom apartments as much more expensive rentals.

The fundamental misjudgment that the planners – and unfortunately, current planning commissioners – have made is to assume "removing barriers" would lower the rents for low-income families. Nothing could be more disconnected with reality and evidence. "Removing barriers" is a misleading way to describe staff's proposed *deregulation*. Indeed, "barriers" are being removed for investors, but not for housing-cost-burdened households. The barriers to housing affordability for low-income households are low wages and an uncontrolled "free market," where profit is the only determinant of how much housing costs.