

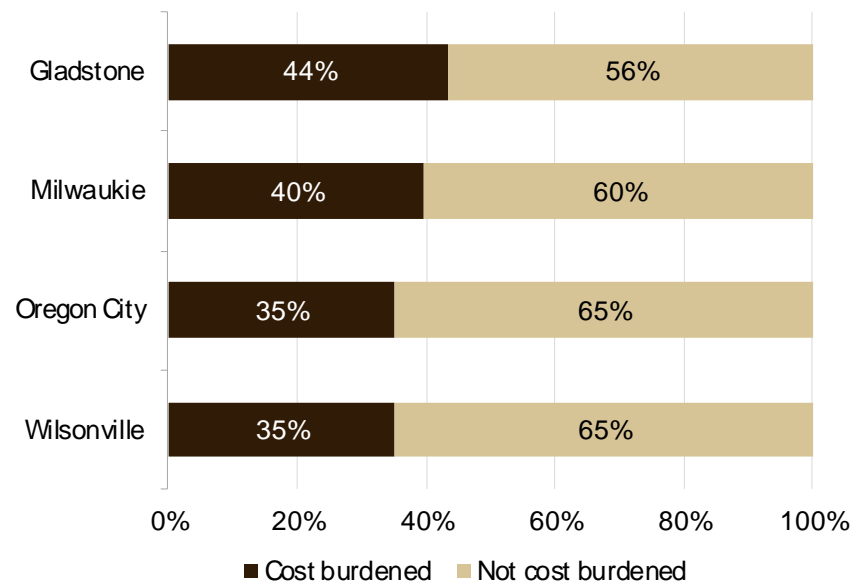
Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator for housing affordability is consistent with the Goal 10 requirement to provide housing that is affordable to all households in a community.

Over a third of Oregon City's residents were cost burdened in the 2012-2016 period.

Exhibit 50. Housing Cost Burden by Tenure, Oregon City, Gladstone, Wilsonville, and Milwaukie, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Tables B25091 and B25070.

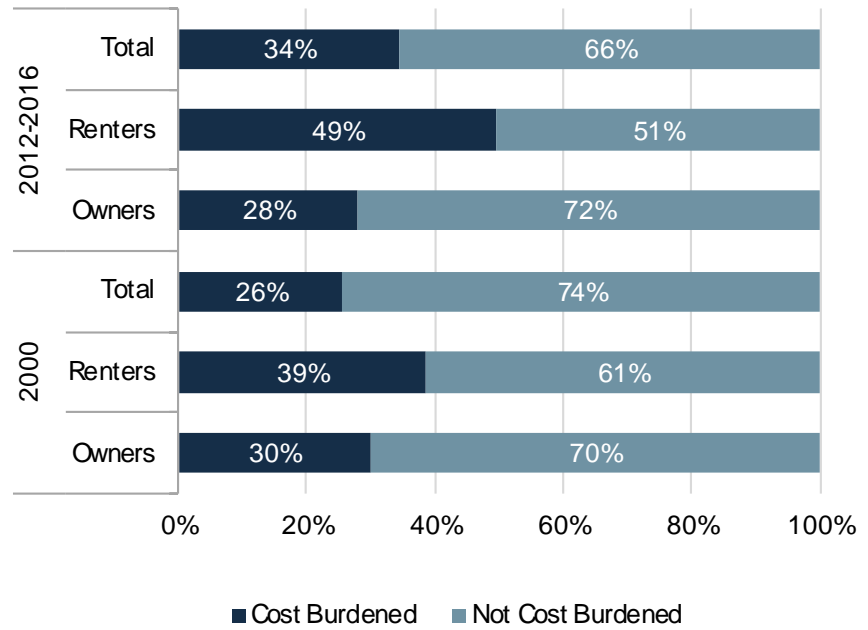


Across Clackamas County, renters were more likely to be cost burdened than homeowners.

Between the 2000 and 2012-2016 time period, the share of total cost-burdened households rose from 26% in 2000 to 34% in 2012-2016.

Exhibit 51. Housing Cost Burden by Tenure, Clackamas County, 2000, 2012-2016

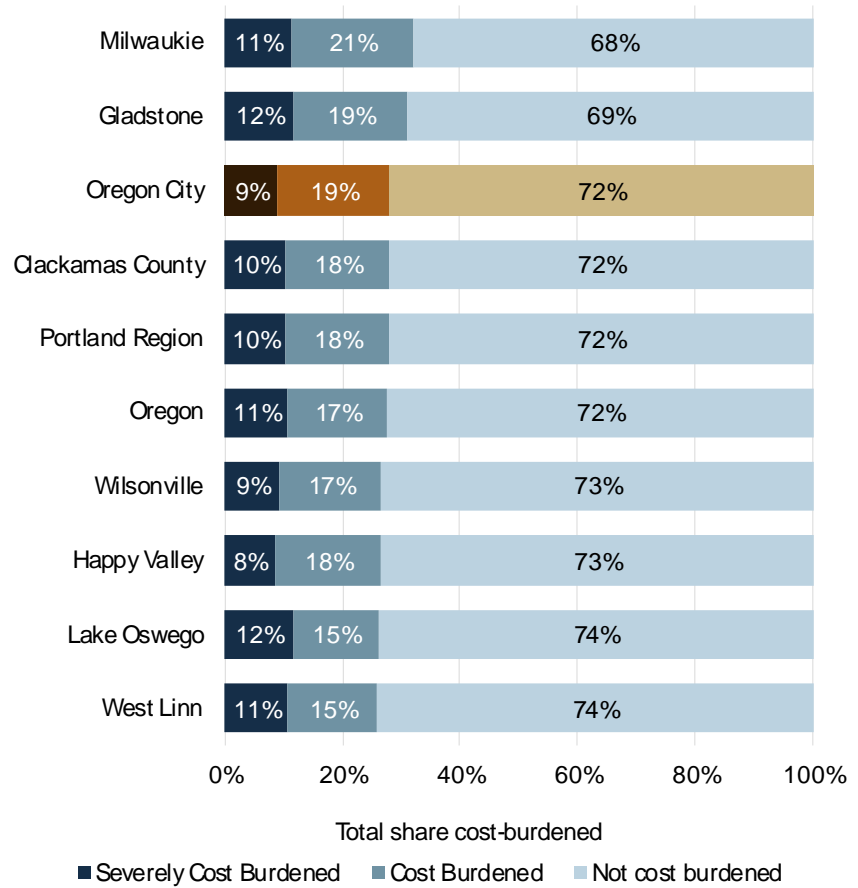
Source: U.S. Census Bureau, 2000 Census Table H069, 2012-2016 ACS Tables B25091 and B25070.



Nearly 30% of Oregon City's cost burdened homeowner households were cost burdened, spending more than 30% or more of their income on housing costs.

Nine percent of the city's homeowner households were severely cost burdened, spending 50% or more of their income on housing costs.

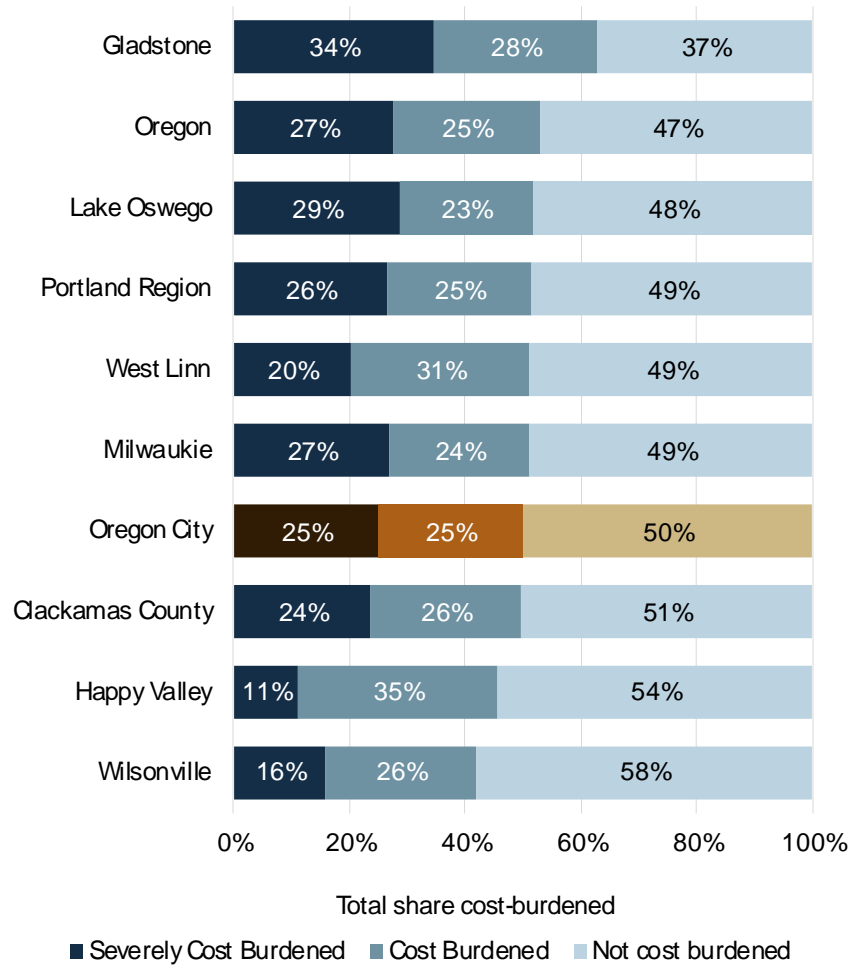
Exhibit 52. Cost Burden Rates for Homeowner Households, 2012-2016
Source: U.S. Census Bureau, 2012-2016 ACS Table B25091.



Half of Oregon City's renter households were cost burdened, spending 30% of their income on housing costs.

Twenty-five percent of the city's renter households were *severely* cost burdened, spending 50% or more of their income on housing costs.

Exhibit 53. Cost Burden Rates for Renter Households, 2012-2016
 Source: U.S. Census Bureau, 2012-2016 ACS Table B25070.



While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the household’s housing costs exceed 30% of the household’s income. The remaining 70% of income is expected to be spent on non-discretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household’s ability to pay for necessary non-discretionary expenses.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household’s accumulated wealth. For example, a household of retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost burden indicator.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair Market Rent for a 2-bedroom apartment in Clackamas County is \$1,495.

Exhibit 54. HUD Fair Market Rent (FMR) by Unit Type, Clackamas County,³⁹ 2020

Source: U.S. Department of Housing and Urban Development.

\$1,192	\$1,289	\$1,495	\$2,157	\$2,625
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least \$28.75 per hour to afford a two-bedroom unit in Clackamas County.

Before taxes, a full-time job at \$28.75 per hour is an annual salary of \$59,800.

Exhibit 55. Affordable Housing Wage, Clackamas County, 2020

Source: U.S. Department of Housing and Urban Development. Oregon Bureau of Labor and Industries.

\$28.75 per hour

Affordable Housing Wage for two-bedroom Unit in Clackamas County

³⁹ HUD reports 2020 fair market rents and median family income from the Portland-Vancouver-Beaverton MSA for Clackamas County.

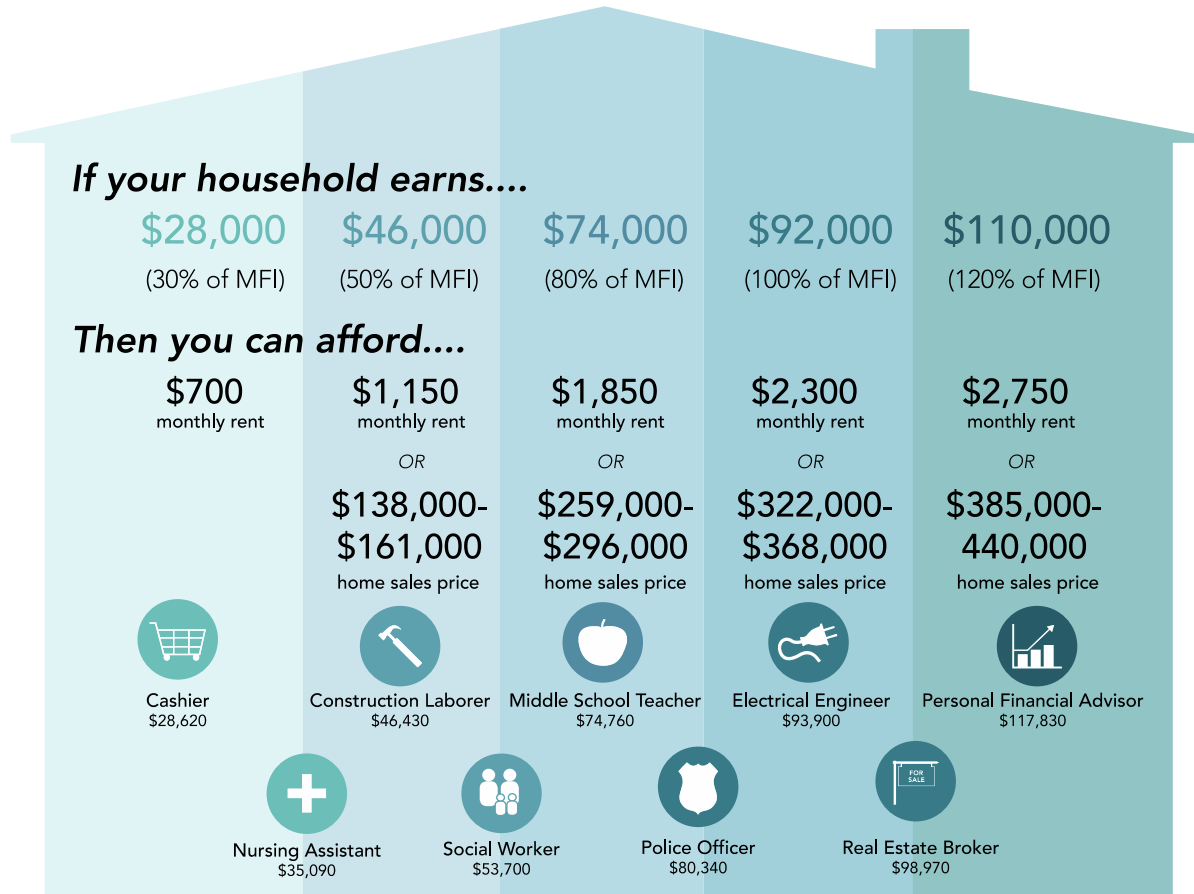
Exhibit 56 shows housing affordability based on incomes for Clackamas County. The regional Median Family Income (MFI) is used by HUD as a way to understand the differences in housing affordability in different places across the nation. In Clackamas County (and the rest of the Portland region), the MFI for a family of four is \$92,000. A household earning the median family income (\$92,000) can afford a monthly rent of about \$2,300 or a home roughly valued between \$322,000 and \$368,000.

A household would need to have income of about \$136,000, or 148% of MFI for Clackamas County to afford a house at the Oregon City’s median home sale price of \$545,000. About 18% of households in Oregon City can afford housing at this cost.

A household would need to have income of about \$60,000 (about 65% of MFI) to afford the average asking rent for multifamily housing of nearly \$1,350, plus basic utilities like power, heat, and water. About 64% of households in Oregon City can afford housing at this cost.

Exhibit 56. Financially Attainable Housing, by Median Family Income (MFI) for Clackamas County (\$92,100), Clackamas County, 2020

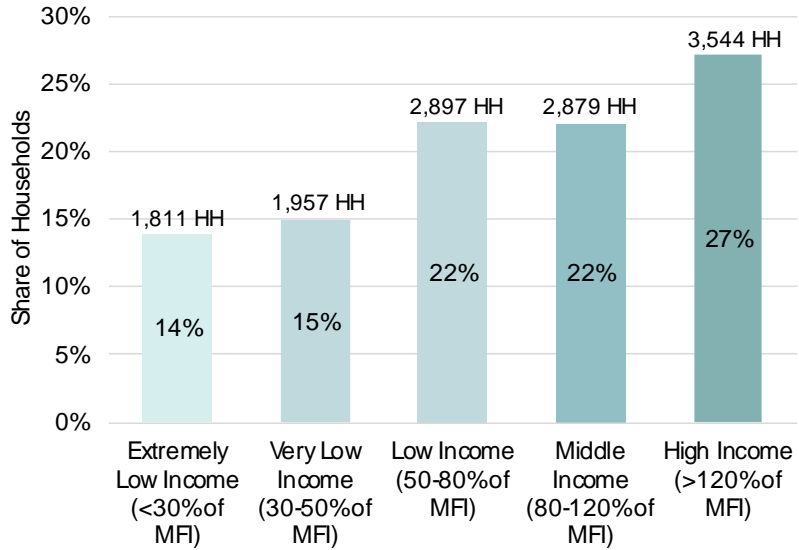
Source: U.S. Department of Housing and Urban Development 2020. U.S. Census Bureau, 2014-2018 ACS Table 19001. Note: MFI is Median Family Income; Clackamas County MFI is determined by HUD for the Portland MSA.



In Oregon City, about half (51%) of all households in Oregon City earned 80% or more of Clackamas County's median family income.

Exhibit 57. Share of Households, by Median Family Income (MFI) for Clackamas County (\$92,100), Oregon City, 2020

Source: U.S. Department of Housing and Urban Development, Clackamas County, 2020. U.S. Census Bureau, 2014-2018 ACS Table 19001.



Nearly a third (32%) of Clackamas County households earned 120% or more of median family income of \$92,100.

Exhibit 58. Share of Households, by Median Family Income (MFI) for Clackamas County (\$92,100), 2020

Source: U.S. Department of Housing and Urban Development, Clackamas County, 2020. U.S. Census Bureau, 2014-2018 ACS Table 19001.

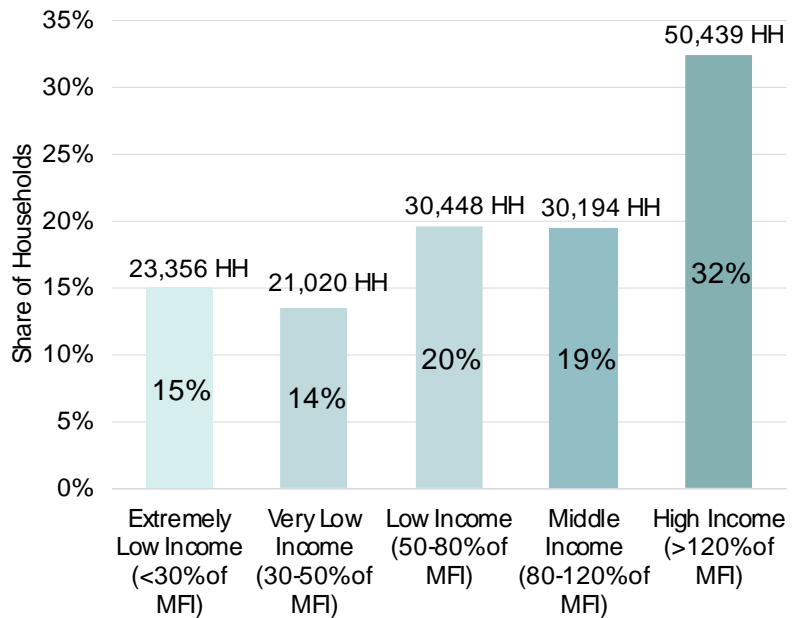


Exhibit 59 illustrates the types of financially attainable housing by income level. Generally speaking, lower-income households will be renters occupying existing housing. Newly built housing will be a combination of renters (most likely in multifamily housing) and homeowners. The types of housing affordable for the lowest-income households are limited to government-subsidized housing, manufactured housing, lower-cost single-family housing, and multifamily housing. The range of financially attainable housing increases with increased income.

Exhibit 59. Types of Financially Attainable Housing by Median Family Income (MFI) for Clackamas County (\$92,100), Oregon City, 2020

Source: U.S. Department of Housing and Urban Development, Clackamas County, 2020. Note: MFI is Median Family Income; Clackamas County MFI is determined by HUD for the Portland MSA.

