



HOUSING SENIORS | CREATING HOPE | PILOTING CHANGE

INCOME TO RENT RATIO POLICY IN CITY SUBSIDIZED APARTMENT BUILDINGS

Problem

Low income applicants are being screened out based solely on income to rent ratio admission policies in PHB-subsidized buildings.

Example

The soon-to-open Abigail Apartments has an income to rent policy of 2.7 to 1.0. For a 30% MFI tax credit studio which rents for \$386, applicants must have income of \$1,042. This screens out most low income elderly and disabled singles on fixed incomes.

Context

There is a shortage of 23,295 affordable apartments for renter households under 30% MFI in Portland. This shortage is a major driver of housing instability and homelessness.

History

In the past, PHB, PDC, and HF had policies in place prohibiting such a high income to rent ratio.

PDC adopted the following policy in March 1997. PHB and HF had a similar policy.

“Borrowers receiving PDC loans for housing projects targeted to serve households at less than 80% of the Area Median Income are required to comply with the following: Borrowers may require no more than 1.5 to 1.0 Income to Rent Ratio for prospective customers.”

Outcomes

Some property managers were fearful that tenants with high rent burdens would have difficulty paying rent. Outcome data showed housing stability was more highly correlated with the steadiness of income rather than the amount of income. Tenants with low but steady fixed incomes achieved housing stability at rates greater than higher income tenants with part-time or sporadic employment.

Solution

PHB adopt language in their loan documents for city subsidized apartment buildings prohibiting income to rent admission criteria which exceed 1.5 to 1.0.