



NORTHWEST  
PILOT PROJECT

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. This includes buildings financed with tax credits, direct grants, property tax exemptions, system development charge waivers, inclusionary zoning offsets, general obligation bonds and other sources of public financing.

### **Example**

The Abigail Apartments had 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. PHB intervened and the Abigail income to rent policy has been changed to 1.5 to 1.0.

### **Context**

As of 2012, there was a shortage of 23,295 affordable apartments for renter households under 30% MFI in Portland. The shortage today is much greater. This affordable housing shortage is a major driver of housing instability and homelessness.

### **History**

In the past, PHB, PDC, and Home Forward had policies in place requiring income to rent ratios no higher than 1.5 to 1.0 in publicly-financed apartment buildings.

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.