

Glossary of Affordable Housing Terms

Prepared for joint work session of Salem City Council, Marion County Board of Commissioners, Polk County Board of Commissioners, Salem-Keizer School District Board, and the Salem-Keizer Transit District Board.

Affordable housing can be defined in a variety of ways. The following glossary includes commonly used terms and explanations relating to affordable housing, incentives available to support affordable and multi-family housing, and a listing of available vouchers, which cover a portion of a qualifying individual's rent in a private market-provided housing unit. In our community, Salem Housing Authority provides publicly-funded housing units. Non-profits and developers also prepare affordable housing for the market.

What is affordable housing?

- It is standard practice to consider anything at 80% or lower than area median income (AMI) to be "affordable housing." **Salem Revised Code Chapter 111** defines affordable housing to mean housing that is affordable to households with incomes equal or less than 80 percent of the median family income in the county for which the development is built or for the state, whichever is greater, and in a manner so that no more than 30 percent of the household's gross income will be spent on rent, home loan or mortgage payments, and utilities.
- If housing is offered at rates below 80% AMI, subsidies may be available. More subsidies are available at lower percentages of the AMI. For example, housing projects that target 30% AMI are eligible for deep subsidies.

Low-Income Housing

- **Salem Revised Code Chapter 2** defines "low income" to mean income at or below 60 percent of the AMI as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development.

Subsidized Housing

- Subsidized housing is housing that is made more affordable with some type of government subsidy. This could include housing where federal housing choice vouchers (section 8) are accepted or some other type of rent assistance is provided. It also includes housing that is required to be rented below market rate in exchange for tax exemptions or other subsidies.

Public Housing

- Public housing refers to housing that is owned by the Salem Housing Authority or another government entity.

What is Area Median Income?

In Salem, AMI is determined at the county level. For [Marion County](#) and [Polk County](#), 80% of area median income is \$39,600 for a single person, \$45,280 for a couple, and \$56,560 for

a family of four. Also, 50% AMI is \$24,750 for a single person; \$28,300 for a couple; and \$35,350 for a family of four.

What is workforce housing?

Workforce housing is 80% – 120% of AMI.

What is market rate for housing?

Market rate housing is offered at 150% – 160% of AMI in Salem. Rent is about 50-60% of income.

What are Low Income Housing Tax Credits?

The [Low Income Housing Tax Credit Program](#), offered by Oregon Housing and Community Services, provides tax credits for developers to construct, rehabilitate, or acquire and rehabilitate qualified low-income rental housing. These development projects include multifamily and single-family rental housing units. Eligible applicants include both for-profit and nonprofit sponsors. Oregon Housing and Community Services issues these credits through a competitive process.

To qualify for tax-credit funded housing unit, an individual needs to be at or below 60% AMI at application. After approval, resident earnings may increase up to 125% AMI before they will be required to move on to other housing options.

What are current housing statistics for our community?

According to the [Census](#), population estimates for July 2021 are as follows for Marion County:

Population Estimates, July 1 2021, (V2021)	347,119
Housing units, July 1, 2019, (V2019)	128,622
Owner-occupied housing unit rate, 2016-2020	60.8%
Median value of owner-occupied housing units, 2016-2020	\$270,300
Median selected monthly owner costs -with a mortgage, 2016-2020	\$1,571
Median gross rent, 2016-2020	\$1,045
Households, 2016-2020	120,474
Persons per household, 2016-2020	2.77
Median household income (in 2020 dollars), 2016-2020	\$61,817
Per capita income in past 12 months (in 2020 dollars), 2016-2020	\$28,856
Persons in poverty, percent	12.1%

What is a voucher program?

The Housing Choice Voucher program, commonly known as Section 8, is the federal government's major program for assisting very low-income families, elderly, and persons needing special features or accommodations to afford decent, safe, and sanitary housing in

the private rental market. Section 8 is one of the major housing assistance programs offered by the federal government.

[Private landlords in Oregon cannot deny a rental application based on the household's voucher.](#) Voucher holders may choose their own housing in the private rental market, including single-family homes, townhouses and apartments that meet minimum standards of health and safety. This unit may include the family's current rental unit. A subsidy is paid to the landlord directly by Salem Housing Authority on behalf of the participating family, and the family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Who is eligible?

To be eligible for the Housing Choice Voucher program, individuals must:

1. Meet income guidelines (see chart below)
2. Pass a criminal background check
3. Have at least one family member who is a citizen or legal resident of the U.S.

Maximum Income Limits

- \$24,750 for **1 Person**
- \$28,300 for **2 People**
- \$31,850 for **3 People**
- \$35,350 for **4 People**
- \$38,200 for **5 People**
- \$41,050 for **6 People**
- \$43,850 for **7 People**
- \$46,700 for **8 People**

SPECIAL PURPOSE VOUCHERS:

FAMILY UNIFICATION PROGRAM. Salem Housing Authority (SHA) offers a program that assists families that have active child welfare cases and housing is the only barrier to the return of the children or the only barrier needed to keep the children in the home. SHA also offers voucher for family unification program for youth who have left foster care and are now on their own. It is designed to help such youth obtain housing assistance under the Section 8 program for a period of up to five years. Youth who are at least 18 years old and who have not yet turned 21 years old and have left foster care may be eligible. There are 119 vouchers to assist both of these populations.

VETERANS AFFAIRS SUPPORTIVE HOUSING Salem Housing Authority has access to 88 of these vouchers. Referrals come directly from Veterans Affairs and are for veterans who are homeless or at-risk of homelessness.

MAINSTREAM VOUCHERS FOR NON-ELDERLY DISABLED FAMILIES Salem Housing Authority has 192 of these vouchers. Up to twenty-five (25) families who are eligible for this voucher

(at least one disabled adult in the household age 18-61) and who are homeless, at risk of homelessness, exiting institutions, or at risk of institutionalization. Verification of homeless/at-risk status is required at the time of application.

NON-ELDERLY DISABLED VOUCHERS There are 100 vouchers available to this population wherein the Head/Spouse/Co-head is 18-61 years of age and a person with disabilities.

EMERGENCY HOUSING VOUCHERS Through a separate funding source, Salem Housing Authority has 34 of these vouchers. Referrals for these vouchers comes directly from coordinated entry for families that are homeless, at risk of homelessness, victims of domestic violence, dating violence, stalking, sex trafficking, or human trafficking.

Another category of vouchers, local preference vouchers, are available through regular funding allocations to:

VICTIMS OF DOMESTIC VIOLENCE – Up to five vouchers per month for individuals who are victims of domestic violence referred by Center for Hope and Safety or the District Attorney's Office of Marion or Polk Counties. Selected by lottery at the beginning of each month. Referrals that are not accepted through the lottery must get referred again for the following month.

VETERANS RENTAL ASSISTANCE PROGRAM – Up to five families per month who are graduates of the veterans rental assistance program per a Memorandum of Understanding between the public housing authority and the Oregon Health Authority Health Systems Administration.

MARION COUNTY HEALTH AND HUMAN SERVICES RENTAL ASSISTANCE PROGRAM – Up to five families per month who are referred by Marion County Health and Human Services.

HOMELESS RENTAL ASSISTANCE PROGRAM (HRAP) – Up to fifteen (15) families per month who are successful graduates of the Homeless Rental Assistance Program administered by Salem Housing Authority through a grant from the City of Salem.

REGULAR HOUSING CHOICE VOUCHER WAITING LIST – The list has been closed since July 1, 2018. It is unknown when it will re-open. Current wait time is approximately four years and changes with the amount of funding the housing authority has any given year. All regular allocation funding preferences above come out of the total number of vouchers awarded to the agency (not including special purpose vouchers with a separate funding source). The current allocation of regular vouchers is 3,012.

What kind of incentives are available to encourage housing development in the private market?

System development charges

System development charges (SDCs) are one-time fees assessed on new development, new use or increase in use of a property, to address impact created by new development and cover a portion of the costs of providing certain types of public capital facilities. SDCs apply to new construction, redevelopment of an existing use and residential projects, all of which may increase the impact to City infrastructure. Oregon Revised Statutes (ORS) 223.297-223.314 provide for establishment of SDC fees for transportation, water, wastewater (sewer), stormwater, and parks and recreation facilities. In Salem, SDCs are calculated based on the type and number of dwelling units for parks, vehicle trips for transportation, water meter size for water and sewer, and impervious surface area for stormwater.

SDC policies are established in **Salem Revised Code Chapter 41**, Administrative Rule 109-200, and a methodology adopted by Council under Resolution No. 2019-7. SDCs are calculated based on type and number of dwelling units for parks, vehicle trips for transportation, water meter size for water and sewer, and impervious surface area for stormwater. New developments have a negative impact on these infrastructure systems even when their SDCs are waived or deferred.

The City provides an SDC exemption to any rental or owner-occupied housing unit that is affordable to households with an income at or below 80 percent of the area median income. Rental housing must include a deed restriction to maintain affordability, and the developer of owner-occupied housing must demonstrate that the owners “do not have a financial incentive to sell the housing unit for profit within less than 20 years after the housing unit is completed and occupied.” The City modified this exemption in 2019 to incent development of affordable housing.

Current policies distinguish between single family and multi-family uses. Single family is charged at a higher rate per unit for parks and transportation. Duplexes are charged at the single-family rate, and larger complexes are charged at the multi-family rate.

Property tax exemptions

A property tax exemption is a legislatively approved program that relieves qualified individuals or organizations from all or part of their property taxes. Exemptions can be either full or partial, depending on the program requirements and the extent to which the property is used in a qualifying manner.

The City currently offers:

- **Non-profit low-income housing tax exemption.** The City currently offers this exemption. That tax exemption, allowed under *ORS 307.540 to 307.548: Property Tax Exemption – Nonprofit Corporation Low Income Housing*, applies to housing owned or operated by a nonprofit organization and occupied by low-income households, which are those earning up to 60 percent of the area median income. Vacant land is also eligible for two years if it

is intended to be developed as low-income housing. Applicants must apply annually for the tax exemption, and a property can only receive the tax exemption for 10 years. The exemption granted by the City applies only to the City's tax levy for the property. The City may submit a request to the governing bodies of the overlapping taxing districts to agree to the exemption policy.

- **Multi-Unit Housing Tax Incentive.** The City's existing Multi-Unit Housing Tax Incentive Program (MUHTIP), enacted in 1976, provides up to 10 years of property tax abatement within a specific geographic area in downtown and central Salem. Projects must include at least two units and must contain at least two community benefits identified in Salem Revised Code 2.815.

The Program is authorized by Oregon Revised Statute (ORS) 307.600-307.691, which allows local governments to establish a program for property tax exemptions to stimulate the construction of transit-supportive multiple unit housing in the core areas of Oregon's urban centers. Unit affordability is not a requirement under Oregon law.

The Salem City Council has adopted guidelines for the City's program. The basic tenets of the Program are:

- The project must include at least two dwelling units per Standards and Guidelines adopted by Resolution No. 2006-43;
- The project must be located within the "Core Area" as defined in SRC 2.800(c); and
- The project must include at least one public benefit as outlined in SRC 2.815.

Each application requesting approval is evaluated on a case by case basis by the City Council. Since 1976, seven properties have been approved by Council for this Program. The program is set to sunset January 1, 2032.

- **Community Partners Property Tax Exemption.** The Salem Housing Authority operates a Community Partners Property Tax Exemption program to incent the inclusion of affordable units in market rate developments. This program provides a tax exemption and requires that the housing authority be designated as General Manager in a partnership agreement (5- year term and renewable) for the purposes of achieving the tax exemption (i.e., the housing authority does not become a partial owner or an active manager of the property). This tax exemption program provides for six different combinations of exemption levels, affordability levels, and unit numbers. The program could be considered for a duplex or triplex, but the annual fees (\$5,000-10,000) are designed for larger projects.