

TO: Capital Construction Sub-Committee of Ways and Means
RE: Oregon Housing and Community Services Bond Package

FROM: Russ Dondero, Forest Grove, Oregon

Dear Co-Chair Girod & Co-Chair Read, Members of the Committee:

I am writing to express my personal support for Governor Brown's \$100 million investment in affordable housing for families with low incomes.

But this proposal is a band aid approach. Oregon should better and must do more...

But I can't walk away from a chance to build 4000 new affordable units which will help 12,000 Oregonians get safe housing.

But all at risk Oregonians need our help not a fortunate few.

This package should be the "beginning" of a long term solution to our housing gap problem but I fear it will be a one-shot approach given our history since the passage of the Housing Trust Fund in 1991 where the promise was great but the delivery has been short of the mark for over 24 years!

It's shameful that Oregon can't do better than this! As the April 8th report from Oregon Department of Housing & Community Services shows (p. 8) the need is for over 130,000 affordable units in Oregon and that need will grow... (see below)

[Proposed \\$100 Million Family Affordable Housing, Presentation to Ways and Means Subcommittee on Transportation and Economic Development](#)

With OHCS's existing tool kit for affordable housing (IRS tax credits, HUD Home funds, the state's document recording fee, the public purpose charge, lottery backed bonds, OHCS bonds, Oregon Affordable Tax Credit) - OHCS can build, acquire or rehab 1300 units/per year.

From 2010 to 2014 those resources have built 7888 units across Oregon. But this is still far from the mark needed and with an additional 1000 units per year, it will still be far from the numbers needed to close the housing gap in Oregon...

Here are my reasons for concern and where I would direct you to go for true long term solutions to our housing crisis which pre-dates the Great Recession.

As a citizen activist for affordable housing since 1991 I served for 9 years on Washington County's Housing and Community Services advisory committee and since 2009 on our 10-year Plan to End Homeless advisory committee (HPAC).

Having learned about and seen the pain at risk persons and families face I've come to the conclusion that we are not doing enough in Oregon to close the "affordable housing gap".

Governor Brown has pledged \$100 million dollars in the next 4 years to stimulate the building of 4000 affordable housing units in Oregon.

Sadly, that goal won't meet the challenge in Washington County alone where the housing gap is over 19,000 units.

In Washington County we are losing ground in meeting the housing needs of those earning under of 50% of AMI and the homeless – families, students, elderly, veterans and the chronic homeless. Why is the richest county in Oregon, the economic hub of our traded sector economy not able to step up to this challenge?

Very simply with a vacancy rate of less than 2% (like Bend) we aren't building enough housing for those in need and the private market privileges high-end housing which is creating a gentrification problem in suburban Washington County. We are coming to a point where there is no room for the working poor in Washington County.

Washington County should do better but it takes political will and I don't see it coming from our county leaders nor our business elites. But most of Oregon the so-called "other Oregon" where I grew up (Roseburg) can't do the job alone. Unlike the Metro area they are not the economic driver of Oregon's economy anymore...

At the current rate of building affordable rental housing targeted for those making 50% or less of AMI it will take Washington County 160 years to meet the current need. Like the education achievement gap, the housing gap keeps growing.

Taking a long view - Oregon's funding problem:

This is one of the unintended consequences of Measure 5 that passed in 1991 and its progeny Measure 47 (1996) and 50 (1997). Additionally the personal kicker that is projected to "kick" this fall will cut over 300 million out of the General Fund making things worse.

Until the governor, the legislature and the people of Oregon address the funding gaps we face, compounded by too much taxpayer money going to corporate Oregon through SIPS, enterprise zones and tax credits – we will NEVER close the housing gap nor the K-12 achievement gap.

We have mortgaged our future to a version of trickle down economics – assuming subsidizing global corporations to come or stay in Oregon will lift all boats. This flawed investment scheme began in 1993 – and still the housing gap and achievement gaps remain.

It's time to address the underlying systemic problem – we need more revenue and we can't rob Peter (the average taxpayer) to pay Paul (corporate Oregon). This merely increases income inequality in Oregon. Until that problem is addressed we'll never get ahead of the curve.

As Judge Oliver Wendell Holmes Jr. said “taxes are the price we pay for a civilized society.” If Oregon is going to be great – there can be no such thing as a “free lunch” or corporate minimum taxes. Everyone must contribute to the general welfare proportionate to their wealth.

But for now were I a member of the legislature, I'd vote YES albeit this package is at best a proximate solution. Hopefully it will be the beginning of a conversation not the end of one...

The views expressed are my own.

Sincerely,

Russ Dondero

Professor Emeritus

Department of Politics & Government

Pacific University, Forest Grove, Oregon

Testimony – Supplementary Documents

FROM: Russ Dondero, Forest Grove,
Oregon

TO: Ways & Means Capitol Construction
Committee

Hearing: May 8, 2015

- 1) Updated Summary

 - 2) A Call To Action – HPAC, Washington
County

 - 3) Page 8, Dept of Housing &
Community Services - Presentation
to Ways and Means Subcommittee
on Transportation and Economic
Development – April 8, 2015
-

What we need is a serious 10-year plan to close the affordable housing gap not just to end homelessness.

And from my experience in Washington County I don't see the local resources coming from county or local government that can be leveraged with state money.

We have the capacity in Washington County to step up but so far I don't see the evidence.

Since 1993 when I chaired a year long task force on affordable housing in Washington County I've tried with others to enlist our county in a serious conversation of this issue – we've gotten lip service not much more.

For the record several months ago I prepared a proposal for our 10 Year Plan to End Homelessness Advisory Group - I've brought a copy for your records. It illustrates what could be done...

On a day when President Obama is speaking at Nike on trade policy, which I favor for the record, he should be asking firms like Nike and Intel, Oregon's traded sector giants, to step up to this challenge.

But after over 20 years of working in the affordable housing trenches in Washington County I don't see any political nor corporate will to step up to this challenge.

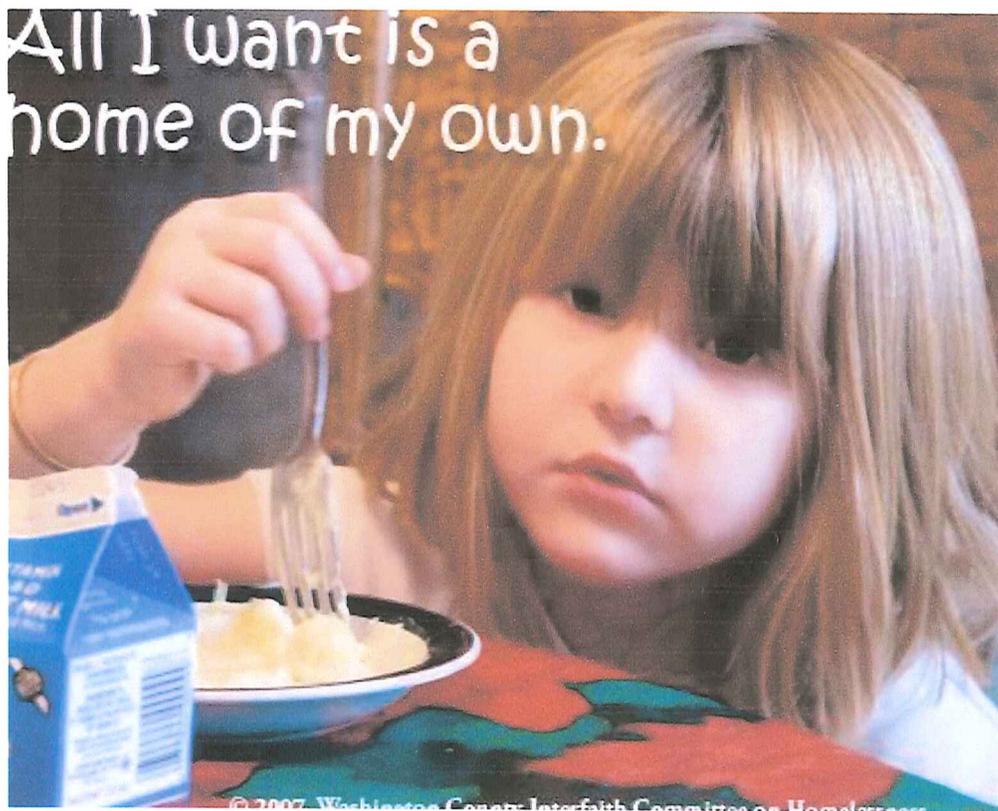
I'd love to be proved wrong but I see no evidence of such coming from Oregon's most economically robust county.

While Oregon must do its part and certainly the Governor's proposal is a good step – the fact is we can't do it alone.

The genesis of our "nation's" not just Oregon's housing problem is that the federal government got out of the affordable housing business back in the '70s.

We live in a federal republic which requires all levels of government to collaborate – that's what happened after WWII when the GIs came home. That's the kind of commitment we need now at all levels plus the help of the private sector.

If the traded sector industry in Oregon is going to bring thousands of employees to Oregon they need to be housed here not in Washington state which only creates traffic jams on 405, 205 and 26 and increases global warming.



A CALL TO ACTION – The withering of the Dream...

From: Russ Dondero, Ph.D.

- Washington County Citizens Action Network (WC CAN)
- Washington County Interfaith Committee to End Homelessness (IFCH)

To: Members of Washington County Homeless Plan Advisory Committee (HPAC)

Factoids:

- 40,270 shortage of affordable low income housing units in the metro area;
- \$14.88/hr is the region's housing wage for a one-bedroom apartment;

- 6400 K-12 metro area students each year are homeless;
- 5402 people are homeless on any night – including youths and families;
- 46% of metro area residents pay more than 30% on housing where the median monthly rent is \$960;
- Before the Great Recession 50% of those facing foreclosure was due to a major medical illness;
- Too many Oregonians are a job loss away from being homeless;

Last Thursday we heard two presentations on the challenges before us regarding providing residents of Washington County and the wider metro area with a safe place to live and to raise future citizens of our region.

The presentations we heard were echoed by the opening article on homelessness of a series begun in Sunday's ***Oregonian***:

Part 1: Our Homeless Crisis

"...In the 1980s and '90s, under both Republican and Democratic presidents, the federal government got out of the business of [building public housing](#) and pushed direct responsibility for caring for poor and vulnerable people to state, county and city governments..."

Many communities across the nation have stepped up to the challenge of ending homelessness embracing a "housing first model." But as the article details the problem has gotten worse not better despite our best efforts. Why?

With the federal government getting out of building public housing we don't have the capacity building of the post WW II era. And facing a tight housing market, we are losing the race from the inner city to the suburbs.

In an era when investors (banks, equity funds and hedge fund managers) require a 20% return on equity investment, this become a huge impediment on building affordable housing for those earning under 50% of MFI.

Whether one is a vet, disabled, farm worker, elderly, victim of domestic abuse, family in poverty, homeless youth, mentally ill, addict, or former felon housing supply doesn't match the need and never will unless we change plans.

Upon reflection the question before us is not just the need for affordable housing but the crisis before us of a bleak future where the most vulnerable will be mired in poverty if we don't act now with resoluteness

It's not the present that is at stake it's our future.

The evidence is clear. Despite 6 years of hard work we are at risk of losing our goal of ending homelessness in the richest county in Oregon and the engine of Oregon's economic growth.

The Vision Action Network's cost study of homelessness presented by Karin Kelly-Torregroza has pointed to the unseen but real indirect costs of homelessness to taxpayers and the business community.

The presentation by Jennie Proctor from **Community Development** illustrated the challenges we face in meeting the needs of the homeless and the working poor who spend more than 30% of their monthly income on housing.

Jes Larson from **Welcome Home** gave us models drawn from successful programs around the county that we can draw from to meet the challenge before us. We don't have to reinvent the wheel.

What is needed is support from the political leadership of Washington County, especially the Board of Commissioners and the business community who make Washington County their operations base.

The challenge before us was compellingly outlined, the question is do we have the "will" to "just do it" as our friends at NIKE would put it? Who will provide the clarion call to meet this challenge?

The enemy of change is to keep doing the same thing over and over again. That strategy has primarily relied on accessing mostly federal and some state funds to do the job. As was made clear we can no longer rely on that formula.

Given the politics of sequestration and partisan gridlock in DC and Oregon's reliance on a shaky income tax revenue source, if we are going to tackle this problem we must supplement those monies with local funding sources.

We can't rely on a single revenue stream but must rely on a multiple funding strategy:

- Washington County has the only real estate transfer tax in Oregon. Right now monies from that tax go into general administration. I think it's long time due that we **increased the County RETT** and dedicate that extra increment to supporting affordable housing. Adding that portion to the **Community Housing Fund** would be a place to start;
- We need to **end regulatory barriers** which discourage for profit developers from entering into this market – targeting those making less than 50% of MFI and lower. This will not be an easy sell but it's part of the solution to enlisting the help of the development and banking community.
- We need to develop a **public levy for affordable housing** to take to the voters of Washington County and eventually the metro area. But we can't wait for our sister counties and/or Metro. The need is too urgent now. We have identified more than a 19,000 gap in affordable housing in the county. It will only get worse.

We currently have 70 Section 8 vouchers that are going unused because landlords will not rent to low-income residents;

We have a lack of capacity due to a very tight market caused by high land, development costs and regulatory fees.

- Establishing a **low-income housing set aside** policy would also help integrate lower income renters and owners in new developments. This will be a big ask of the development community but if we don't move in this direction we will add to the suburbanization of poverty and the ghettoization of the working poor in the suburbs.

HPAC needs to be proactive in presenting the case for a Washington County strategy to tackle this problem.

The time for waiting on the federal or state government to solve our problem is over. We can't sacrifice another generation on the altar of wait and see, piece-meal or incremental approaches.

But we also can't let the federal or state government off the hook either.

Over 90% of our affordable housing dollars are federal pass through monies from federal HOME and CDBG funds. We need to join coalitions like **Welcome Home** to keep the pressure on our DC delegation and on our state government.

In the 2015 legislative session we need to support ending the statewide exemption on **inclusionary zoning**. We need to add to the governor's request for a \$100 million for housing. That wouldn't even put a dent in the 19,000 gap in Washington County let alone the state.

We also need to support **state tax credits** for affordable housing to leverage public and private housing dollars. We

also need to up the **minimum wage to \$15/hour** so that families can afford housing without playing triage with their family budgets.

But 30 years of advocacy has taught me the lesson that we can't put all our eggs in one basket.

Of course the devil is in the details. Here's where our conversation within HPAC must start. We were asked what are we willing to do as individuals – **my question is what are we willing to do as a group with others of good will? It won't be easy change never is.**

I think HPAC should focus on bringing all stakeholders together in Washington County.

At the end of the day as a good friend at IFCH has said "if not us, who?" That's the question before us. It's time to stop talking and waiting for the Hail Mary pass, it's time to organize not agonize. HPAC can't stand pat on past accomplishments – we must move forward, now!

It's our serve...



Proposed \$100 Million Family Affordable Housing

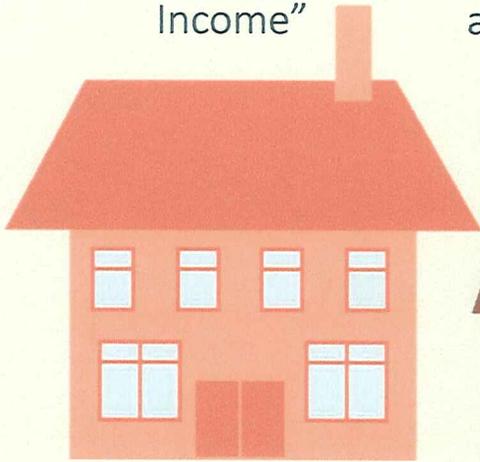
**Presentation to Ways and Means Subcommittee on
Transportation and Economic Development**

Margaret S. Van Vliet, Director
April 8, 2015



NEED: SHORTAGE OF AFFORDABLE HOUSING

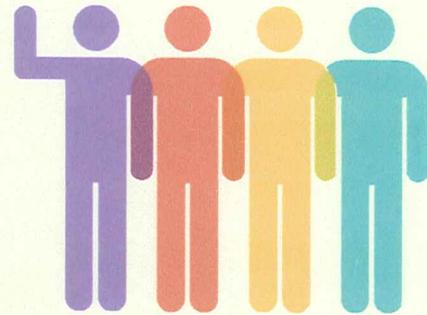
175,000 renter households in Oregon are considered "Extremely Low Income"



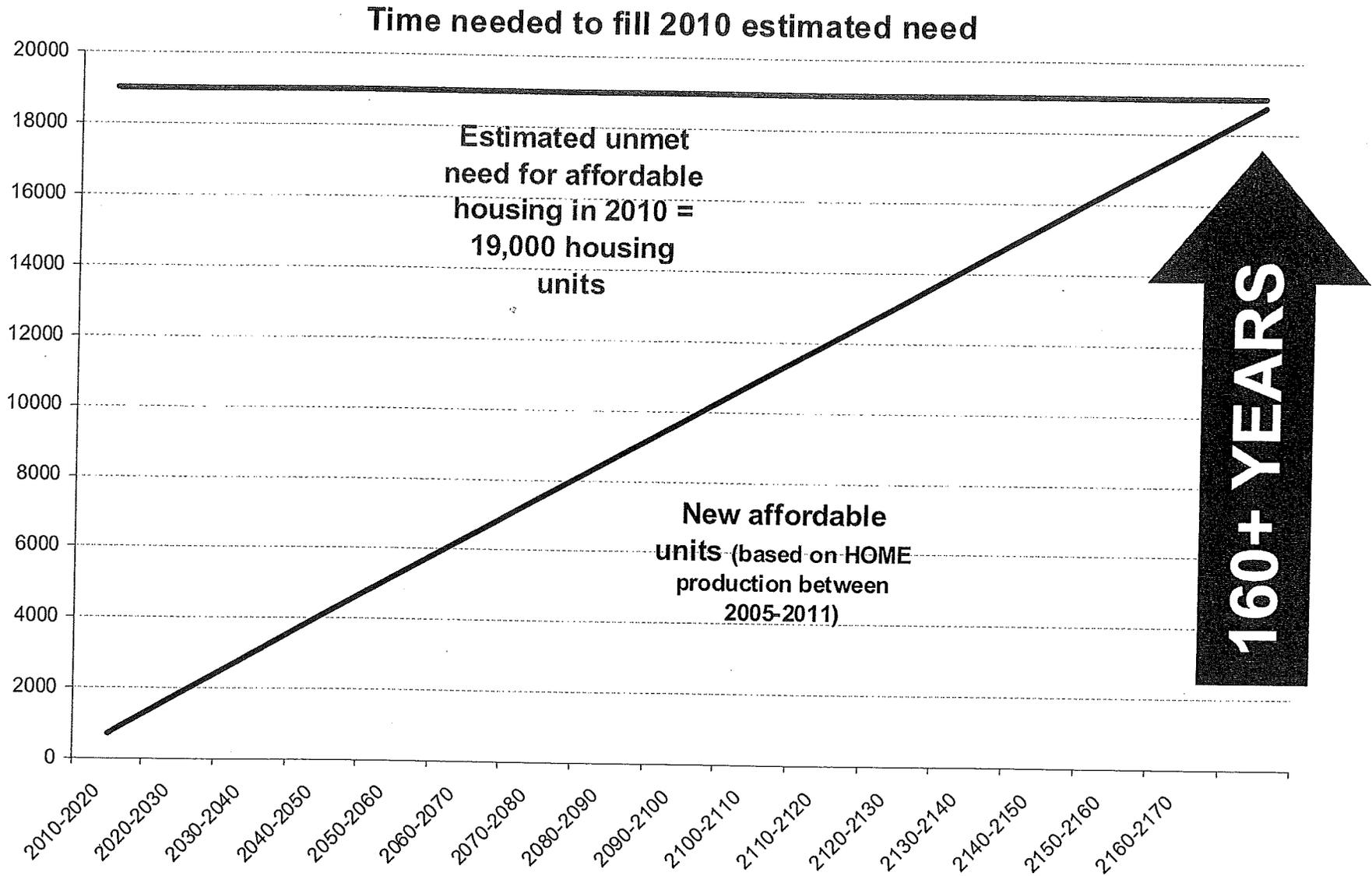
There are only 45,226 rental units affordable to those households



Only one in four eligible households receive a federal housing subsidy nationwide



Are we meeting the need for affordable housing?



Source: Washington County Consolidated Plan, OCD, American Community Survey, US Census