February 18, 2019

Senate Committee on Housing
Oregon 2019 Legislative Session

Subject: Testimony in Favor of SB 595

Dear Chair Fagan, Vice Chair Heard and Members of the Committee,

Thank you for the opportunity to testify today. As Commissioners from Lane, Lincoln, Multnomah and Tillamook counties, we strongly support HB 595.

During our collective work of more than 25 years as elected County Commissioners, the “aha” moments are constant as we witness the intersection of so many issues related to housing challenges that play out at the local level. This relates to seniors, workforce development, children’s homelessness, veterans, working single parent families, individuals suffering from mental illness and/or addictions, domestic violence, as well as to housing for individuals involved in our criminal justice system.

Oregon is in the midst of a once-in-a-generation housing crisis that demands action. In 2016, 53% of all Oregon renter households were cost-burdened, paying more than 30% of their incomes on housing. More than 13,200 people were homeless across the state.

There are three overarching reasons why we so strongly support SB 595:

1. The basic housing supply and demand conditions have changed since the current transient lodging tax (“TLT”) statute was created in 2003. In the last 16 years, the on-the-ground housing conditions faced by our constituents has become dramatically different. The housing market collapse of 2008, which led to a severe contraction of housing supply, combined with the more recent strength of the economy, has fueled a statewide housing deficit of 155,000 units.

2. There is a particular workforce housing crisis today that did not exist in 2003. The “housing burden” (ratio of income to rent) of our residents who work in the service industry, tourism and other sectors has soared in recent years. Wages simply have not kept pace with skyrocketing rents. On many areas of the Oregon coast, for example, there has even been a net decrease in housing supply because of a reduction in existing housing stock as long term rental units shift to short term rentals.

3. SB 595 is democratic. It allows, but doesn’t dictate, any particular change in the current TLT framework. If a community wants to shift more revenue toward addressing their housing problems,

then there has to be a vote by their locally elected officials to change the current ratio of TLT proceeds.

In summary, SB 595 is exactly the kind of tool we need as local communities to take real action to meet the needs our constituents, including young families, seniors, people coping with mental illness, and many others who are the most vulnerable. SB 595 provides local jurisdictions with the option to tap into additional local resources in order to bring an “all hands on deck” approach to the very real, daily and serious problem of housing. We urge you to pass SB 595.

Sincerely,

Pat Farr, Lane County Commissioner, Co-Chair of AOC Veterans Committee; Member, Lane County Poverty and Homelessness Board

Claire Hall, Lincoln County Commissioner, Past President, Association of Oregon Counties

Bill Baertlein, Tillamook County Commissioner; Board Member, Columbia Pacific Coordinated Care Organization

Sharon Meieran, Multnomah County Commissioner; Vice Chair of AOC Health and Human Services Committee

Attachment: National Rent burden chart, by county (Source: “Housing Underproduction in Oregon,” Up For Growth, 2018)

COST BURDENING

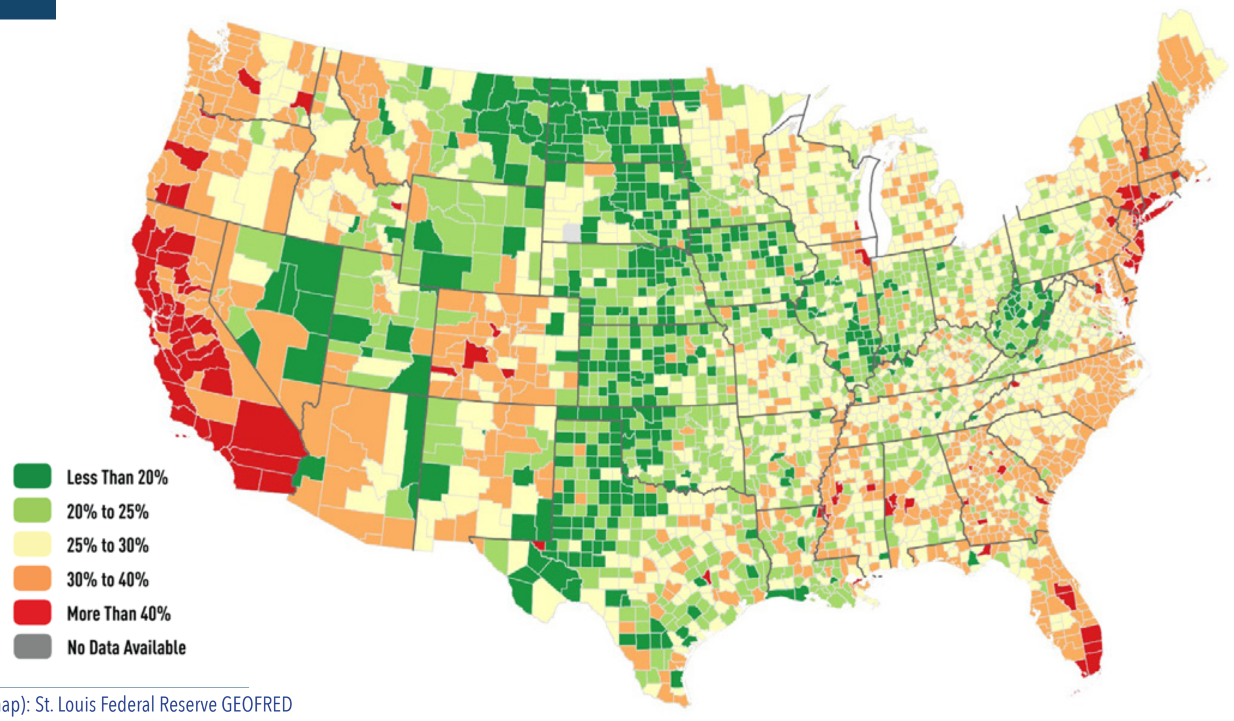
Cost burdening occurs when incomes lag behind rapidly rising rents and housing prices. Although incomes have begun to rise in recent years, they were stagnant for several decades — while housing costs increased at much higher rates. This divergence has led to increased cost burdening rates across Oregon.

In every county in Oregon except for one, at least 25% of households experience cost burdening, and in the majority of counties — particularly on the western side of the state — more than 30% of households are cost-burdened.

Spending too much on housing reduces funds available for other family necessities, such as food, medical services, transportation, childcare and emergencies. Many Oregon households are just one emergency — perhaps an unexpected car repair or medical bill — away from eviction or job loss. Point-in-time counts in Oregon show an uptick in episodic homelessness, where individuals and families living close to the edge are tipped into living in shelters, motels, cars or the street. This instability is detrimental to children's educational outcomes and to job stability. Access to safe, affordable housing sets the foundation for opportunities for success.

In addition to impacts on household affordability, this study seeks to understand the social, economic, fiscal and environmental implications of underproduction by assessing the potential for housing production in the absence of regulatory and other supply impediments. The study does not address any complementary uses, such as office, industrial or hospitality, that would accompany an increase and redistribution of housing units. There are likely significant impacts associated with those related uses, but they have been excluded from the analysis. For the purpose of this study, the focus is on understanding the incremental impact related to housing. It should be noted that this report is primarily interested in investigating the impact of different models for addressing growth and is therefore not conducting a policy analysis to determine the effectiveness of individual policies to increase housing production. This is an important area for future study.

PERCENT OF HOUSEHOLDS THAT SPEND MORE THAN 30% OF GROSS INCOME ON HOUSING, 2016



Source (map): St. Louis Federal Reserve GEOFRED

COST BURDENING

Households are considered "cost-burdened" when they spend more than 30% of their gross income on housing expenses (not including transportation costs). This threshold does not change for different income levels. While it is a commonly accepted measure of the maximum amount that should be spent on housing, it fails to consider that cost burdening disproportionately affects low-income households, who have very little disposable income after paying for housing, transportation, childcare and medical expenses.