A Few Random and Radical Thoughts on Housing

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Because this issue is so complex, and because it manifests itself in so many different ways, it cannot ultimately be resolved without a fundamentally different political approach—one that uses the very complexity of the issue itself as the basis for crafting a solution that is intentionally tailored to overcome the major obstacles standing in our way, and in the process, serves to repair and rebuild the Oregon community

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Asking the Right Questions

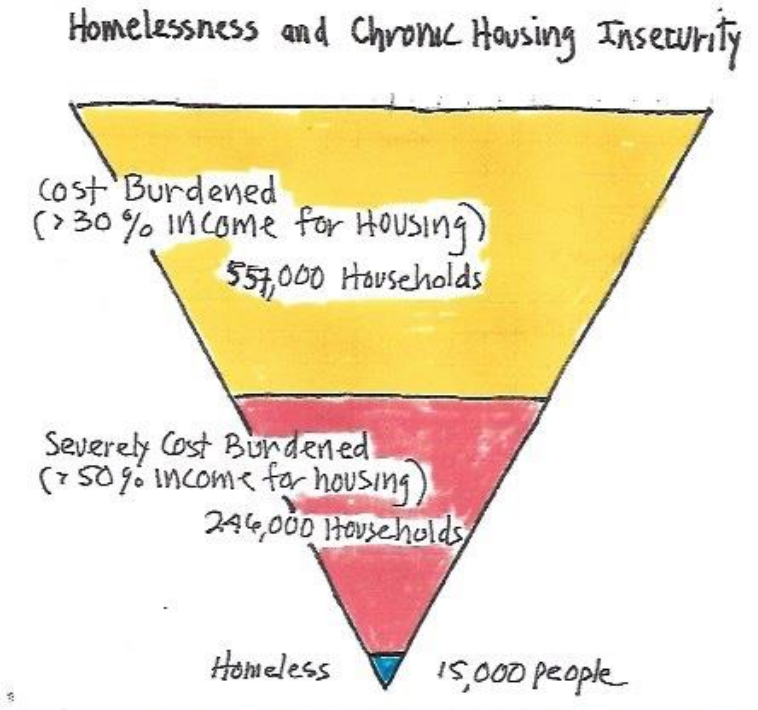
With a big multifaceted complex issue like housing, it is important to take time on the front end and make sure we are asking the right questions—that we are focusing our time, energy and resources on the right problem. As Thomas Pynchon wrote in his novel *Gravity's Rainbow*, "If they can get you asking the wrong questions, they don't have to worry about answers."

It seems to me that the current debate over housing—at least in the political arena—is focused primarily on the question of homelessness, and how it can be reduced through preventive measures like rental assistance, and through short-term, temporary shelters and/or long-term supportive housing.

I think that's the wrong question and the wrong focus. That is not say to that the crisis on our streets is not real and urgent. It is both, and it must be addressed—but it must be addressed within the context of a larger, aggressive, statewide strategy to address chronic housing insecurity by dramatically ramping up housing production.

The fact is that relatively few people are actually chronically homeless, and many of them suffer from behavioral health and substance use disorders. The problem lies in the far larger (and growing) number of people who face chronic housing insecurity. The real problem is the constant inflow of people who are losing their housing because of the cost. The Los Angeles Housing Services Authority captured the problem with this statistic: each day in Los Angeles, while 207 people get housed, another 272 people become homeless.[1]

[1] https://www.theatlantic.com/magazine/archive/2023/01/homelessness-affordable-housing-crisis-democrats-causes/672224/



Today in Oregon there are about 15,000[2] people who are actually homeless, but there are 557,600 households that are cost burdened (spending >30% of their income on housing), including 49% of all renters. Of this number, there are 246,000 households that are *severely* cost burdened (spending >50% of their income on housing).[3] In short, one out of every three Oregon households faces some degree housing insecurity. That means that today, hundreds of thousands of housed Oregonians are living one illness, one job loss, one divorce, one abusive, unstable home environment away from the street.

This is where we need to be focusing our political time energy and resources. It is primarily a supply and demand imbalance, and the solution requires a dramatic increase in our rate of hosing production, particularly for those between zero and 80% average medium income (AMI).

How We Got Here

There are many factors responsible for our housing shortage, but I want to touch on two which I think are particular important. One is growing income and wealth disparity—an issue which we tend to dance around, but sooner or later we are going to have to confront. It is one of the elephants in the room. Housing affordability is a function of income and the cost of housing—which means we can make housing affordable by reducing its cost, or by increasing incomes. We need to do both.

[2] https://worldpopulationreview.com/state-rankings/homeless-population-by-state
[3] https://www.ocpp.org/2018/03/15/20180315-cost-burdened-housing/

The second factor, which is related to the first, is that for the past 30 years we have pursued policies to attract knowledge industries and knowledge workers to Oregon, without adequately funding the infrastructure to support that economic growth. Many of the workers in these new industries were well paid and able to afford housing, which drove up demand. This demand was exacerbated by a secondary workforce—especially in the service and retail economy—that was needed to support the economic expansion. But because an increase in housing production did not accompany the new economic growth, the supply and demand equation has been disrupted, driving up housing prices.

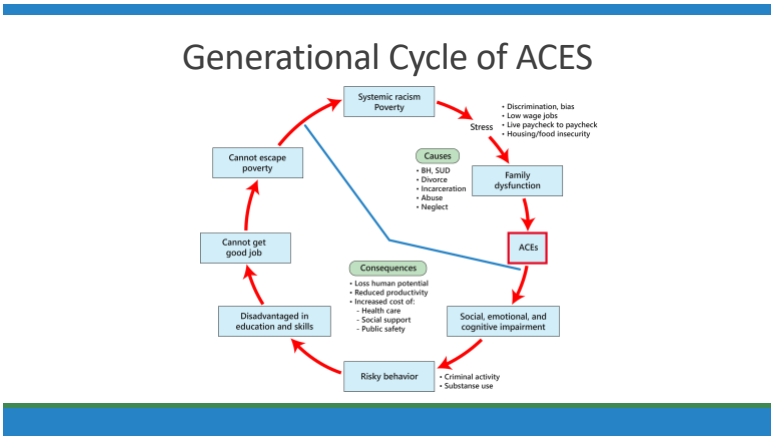
This forced more people to rent which, in turn, has created a shortage of rental units and driven up rental rates. At the same time, real wages for most workers have stagnated, putting homeownership out of reach for a growing number of Oregonians, and cost burdening almost half of all renters. Over the past year, the housing affordability problem has been further exacerbated by record inflation.

Impact

Although, homelessness is perhaps the most visible impact of the housing crisis – there are a variety of other, more subtle impacts that are having a devastating effect on the social and economic fabric of our state.

Chronic Housing Insecurity

The first is the impact of chronic housing insecurity, to which almost a third of Oregonians are exposed on a daily basis. Chronic housing insecurity is a major contributing factor to family stress and instability which, in turn, leads to a well-documented set of "Adverse Childhood Experiences" (ACEs), which include neglect, abuse a parent with a mental health or substance use disorder, domestic violence and divorce. This kind of toxic stress on children leads to poor physical, mental and behavioral outcomes later in life and triggers a generational cycle of poverty and despair.



Behavioral Health and Substance Use Disorder

The lack of affordable housing also undermines our ability to effectively address Oregon's behavioral health and addiction crisis, the scope of which is staggering. Oregon ranks worst in the nation for prevalence of mental illness in the general population, first in the nation for opioid abuse, and second in overall substance use disorders... but dead last in terms of access to treatment.

While a range of systemic changes and funding priorities will be required to address this crisis in behavioral health and substance use disorder, chief among them is access to safe, affordable housing. It is clear from numerous studies that the effectiveness of case management, psychiatric services and the treatment of substance use disorders depends, to a large extent, on the availability of safe, stable, affordable housing as an integral part of the treatment plan.

Local Economic Impact

Finally, the lack of affordable workforce housing is undermining Oregon's local economy. In a recent survey by the Bend Chamber of Commerce, 95% of employers in Central Oregon said that the high cost of housing has had either a high or moderate impact on their ability to hire workers.[4] The fact is that in many cities across the state, the workforce needed to fuel the local economy – especially in the retail and service sectors— can no longer afford to live where the jobs are.

Their options are to seek employment elsewhere, exacerbating the local workforce shortage, or to commute from distant, but more affordable communities. In the case of Bend, this means La Pine, Redmond or even Prineville. The twice-daily commute for these workers increases their carbon footprint and puts pressure on the transportation infrastructure, while high fuel prices erode their take home pay, moving home ownership ever further from their grasp.

Opportunity

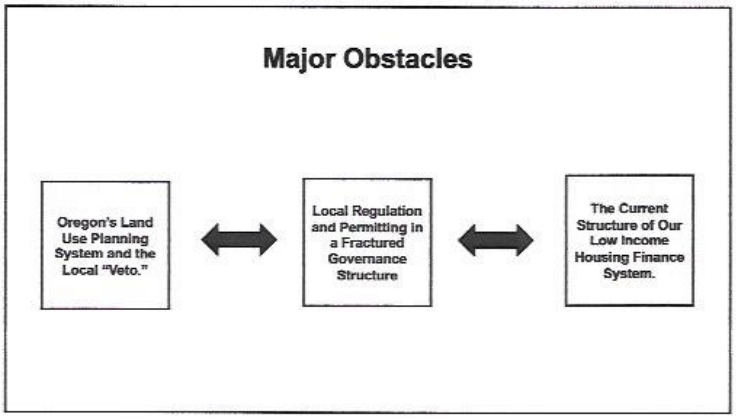
The inadequate supply of affordable housing poses an existential threat to the social and economic fabric our state—and it is a problem that touches, in one way or another, virtually every Oregonian in every part of the state. And, while it may seem counter-intuitive, the pervasive nature of this crisis, and the breadth and scope of its impact, creates an opportunity through which we may be able to break through the current siloed, hyper-partisan approach to public policy and recreate a sense of shared purpose in our state, at a time when we desperately need a way to repair the tattered fabric of the Oregon community.

Because this issue is so complex, and because it manifests itself in so many different ways, I do not believe that it can ultimately be resolved without a fundamentally different political approach—one that uses its very complexity of the issue itself, as the basis for crafting a solution that is intentionally tailored to overcome the major obstacles standing our way.

[4] https://bendchamber.org/wp-content/uploads/2022/09/Final-Memo_110722.pdf

Political Obstacles

The problem we face is largely a political one, which explains why it is so difficult to resolve. Any sustainable solution must simultaneously address a number of interrelated issues, which cannot be solved in isolation from one another. Of the many issues that fall into this category, I would elevate three to the top of the list.



1. The "Local Veto" and Oregon's Land Use Planning System

Currently, local citizens and citizen groups can use the appeals process to outright block, or significantly delay, housing projects in their neighborhoods. These appeals are often based on Oregon's land use laws and/or the National Environmental Policy Act (NEPA), thus perversely "weaponizing" these legitimate tools to prevent the siting of new housing in existing neighborhoods—especially low-income housing, facilities for treating those with behavioral health and substance use disorders, and workforce housing. This local "veto power" over new housing projects is a subset of the challenges facing Oregon's larger land use system, which has well-served our state since 1973.

Over the past 50 years, this system has helped define Oregon the "place," allowing us to manage growth and, among other things, preserve open spaces, and farm and forest land. Today, however, many younger Oregonians see the land use system not through the lens of open spaces, and protected resource land, but through the lens of housing, which for them is increasingly unaffordable and unavailable. They view zoning ordinances—which to many have become synonymous with land use planning—as a way for those who have much, to protect what they have and to gain more, at the expense of those who have too little.

Unless we act to reconcile the tension between chronic housing underproduction and a land use system designed in the 1970s, the legacy of the past 50 years will be put at risk. That's why addressing this issue, and ramping up housing production, must take place concurrently, not sequentially. Unless we know where the buildable land is, and what kind of housing that will be allowed—and unless we have a high degree of certainty that those units can actually be built without endless appeals and long delays— all the production in the world will not be enough.

2. Local Regulation and Permitting in a Fractured Governance Structure

Over the years, an almost impenetrable thicket of local regulations and processes has grown up around the construction and permitting of new housing. These rules, regulations and processes are uncoordinated, confusing, overlapping and often redundant, adding delay, uncertainty, and significant cost to needed housing projects. This is essentially a governance problem, one that is exacerbated, and to some extent caused by, the fact that in our current system there is no single entity charged with the power, responsibility and accountability for ensuring that the housing needs of Oregonians are being met.

On the contrary, the authority for decisions related to housing finance, rental assistance, infrastructure development, zoning, building codes and other key areas are vested in multiple different agencies spread across multiple different levels of government. Like land use and the local veto, fixing our fractured governance structure must be viewed as an integral part of the strategy to accelerate the production of affordable housing, and must be addressed concurrently with these other two efforts.

3. The Structure of Our Low-Income Housing Finance System.

If we look at Figure 5 in Appendix D, of the Oregon Housing Needs Analysis Technical Report,[5] it appears that over 40% of the projected units we will need over the next 20 years (over 232,000 units) are in the 0-80% AMI range. Most of the housing at these income levels involves, in one way or another, the low-income housing tax credit (LIHTC) program, and if we hope to meet our 20-year production goal for these units, we will need to fundamentally rethink the structure of this program.

Figure 5. Total Housing Need Allocated to Revised Methodology Income Bins

Income Level	20-year Projected Need	Units lost to 2nd and vacation homes	Under-production	Units to Address Homelessness	Total Units	% Of Total Units
0-30%	42,948	-	16,660	25,965	85,572	15%
30-60%	65,632	-	22,775	2,334	90,742	16%
60-80%	44,292	-	10,719	875	55,885	10%
80-120%	79,547	21,287	11,052	-	111,887	20%
120%+	193,744	12,248	4,613	-	210,606	38%
TOTAL	426,163	33,535	65,819	29,174	554,691	-
% Of Total	77%	6%	12%	5%	-	-

The LIHTC program was created in 1986—over 35 years ago—and was made permanent in 1993. It is simply not working. It is a mind-numbingly complex program in which an indirect federal subsidy is used to finance the construction and rehabilitation of low-income "affordable" rental housing. The federal government distributes the credits to the states, which in turn award them to developers to cover part of the cost of constructing apartment buildings and other projects. In return, developers must cap rents for the units they set aside for low-income tenants.

Because of its complexity, however, a significant portion of all the funds allocated to this program, do not go to the actual construction of affordable units, but rather to the cost of consultants, lawyers, accountants, and other professional service providers needed to manage

[5] https://www.oregon.gov/lcd/UP/Documents/Appx_D_OHNA_Technical_Report.pdf page 7

its conflicting, and redundant regulatory compliance and reporting requirements. While the benefits of LIHTC are supposed to flow through to tenants in the form of lower rents—in many cases, the units produced are unaffordable to the target population and the real beneficiaries are investors, developers, and financial institutions.

These three issues are interrelated, and efforts to address them must take place concurrently with any effort to dramatically increase our rate of housing production. In short, three broad policy objectives need to be placed squarely on the table—policy objectives that are generally considered "third rails" in Oregon politics. We cannot hide from them and we cannot solve Oregon's housing crisis unless we create a space in which these issues can be honestly discussed in the context of the larger goal of ensuring an adequate supply of affordable housing in every corner of our state. The three policy objectives include:

1. Rethinking the structure of our land-use planning program through the lens of the 21st century, and putting some constraints on the local veto.

2. Creating a single entity with the authority, power, responsibility and accountability for ensuring that the housing needs of Oregonians are being met.

3. Redesigning the current low-income housing finance structure.

Each of these issues has its own set of entrenched stakeholders, which is why the politics are so difficult. And even though most of these stakeholders will acknowledge that homelessness and housing affordability (at least in the abstract) pose a serious problem, all of them will resist any change to the status quo. Changes to our land use system will be opposed by many of those individuals and organizations that have been its most committed defenders over the years. Local citizens and organizations will oppose any effort that might curtail their power to appeal and otherwise slow down or block new housing projects in their neighborhoods.

Local jurisdictions and their respective statewide organizations—the League of Oregon Cities and the Association of Oregon Counties—will resist any effort to limit or preempt their "local control" of permitting and regularly processes, as well as any proposal to vest a single state level entity with the power, responsibility and accountability for ensuring that the housing needs of Oregonians are being met. And efforts to rethink the LIHTC program, will be opposed by the investors, developers, and financial institutions who currently reap its benefits—and even by some affordable housing advocated themselves.

Taken together, these issues, and their respective constituencies, create a formidable set of obstacles to the critical goal of rapidly ramping up the production of affordable housing. Overcoming these obstacles will require, first and foremost, a new, broad, statewide coalition that can overcome parochial politics, and, second, a way to impact federal policy.

Building a Coalition for Change

In a recent interview on housing, Economics Professor at U of O Tim Duy, said: "I don't see a political constituency coming together in the state to deliver that kind of policy. We've been dancing around this issue for years and pretending there's a fix. But the reality has been proven that there are so many pieces to pull together. [We need] ... to start building a public and political consensus that Oregon needs a great deal more housing to bring down prices. We need to build a constituency that supports a dramatic increase in housing stock."

Professor Duy is right. There may be a statewide constituency for addressing homelessness, particularly in the metro are, but not for significantly increasing our rate of housing production—and certainly not a constituency that sees the relationship between the two. There is simply not a broad understanding of the connection between an adequate supply of affordable housing and the multiple consequences that flow from the housing shortage.

This means that we must demonstrate, in an understandable and compelling way, that efforts to solve the housing supply problem, will at the same time, be solving for a constellation of other problems which, while they may seem unrelated, are actually caused, or exacerbated by, the lack of affordable housing. These include not just homelessness, but also chronic housing insecurity, adverse childhood experiences, local workforce shortages, and the inability to more effectively treat mental health and substance use disorders.

If we can link these multiple diverse issues together, we can broaden the constituency base for a shared goal — in this case, an adequate supply of affordable housing in every community in Oregon. And finding a goal that is shared by people across our state is the first step in establishing a sense of common purpose—and common purpose is the one essential ingredient necessary to rebuild our Oregon community.

This will entail a strategic and well-funded multi-media communication and outreach effort to raise public awareness of the social and economic benefits of increasing our rate of production to ensure an adequate supply of affordable housing—from low income to market rate— in a variety of housing types, and in every part of Oregon. This campaign must accomplish two things:

- It must effectively make the connection between affordable housing and the multiple other seemingly unrelated issues that will benefit from increasing the supply of affordable housing—from child welfare to the effective treatment of mental health and substance use disorders, and

- It must reconnect rural and urban Oregon in common cause.

<u>Making the connection between affordable housing and other Issues</u>

It is essential that trusted local leaders be the primary messengers in this campaign. This is a lesson we learned from the pandemic. An initial part of the state's effort to increase vaccination rates and the use of masks, came primarily from the Oregon Health Authority. I am not

suggesting that the state does not have a role, but I don't think official government communications alone will be enough. Trust in government is at an all-time low, especially within minority communities, and in many rural parts of the state. I believe that there are other, more effective, messengers that must be fully mobilized—the trusted local leaders living in every community across our state.

These are leaders from the BIPOC community, religious leaders, business, labor and civic leaders, and leaders in the forest products sector, Rotary clubs, 4H clubs, chambers of commerce and philanthropic organizations, advocates for children and families, and those individuals and organizations committed to addressing behavioral health and substance use disorders. There are also leaders in the network of community-based problem-solving and delivery structures we have established over the years, including watershed councils, coordinated care organizations, early learning hubs, regional solutions teams, and local economic development organizations.

Reconnecting rural and urban Oregon in common cause.

It is important to explicitly recognize that many parts of rural Oregon have never fully recovered from the recession of the 1980's or the dramatic reduction in timber harvest that resulted from Judge Dwyer's 1991 decision on the Northern Spotted Owl. Coos Bay, for example, once a thriving timber town, lost its economic base and has experienced three generational poverty with children growing up in, and resigning themselves to, a future with no hope. These people continue to struggle and don't see any help, or even acknowledgment of their situation coming from their elected government, which in Oregon, is controlled largely by urban interests

From Forest to Home

The most logical and effective way to reconnect these two parts of our state is to include, as a central element in our statewide strategy, an effort to create a market for "low value wood"—the small diameter logs and restoration fiber that are the products of forest health treatments to increase landscape resilience and reduce the risk of wildfire. Currently, there are 5.6 million acres of landscape[6] across our state at high risk for wildfire—and the fiber produced from the thinning and fuel reduction needed to reduce that risk can serve as feedstock for Oregon's growing mass timber industry.

Mass wood, in turn, can be used in the production of high-volume modular homes, thus making an important contribution to meeting our 20-year projected housing need. This strategy not only creates rural employment in the forest products industry and in the building trades, it offers the opportunity to diversify our workforce, create living wage jobs, reduce wildfire risk, and increase landscape resilience and carbon sequestration. In doing so, it adds a whole new set of constituents to our coalition, and engages new partners from the social, education and conservation sectors, who now become invested in sustainable forest management.

[6] https://www.oregon.gov/osp/Docs/GovWildfireCouncilRpt-FinalRecs.pdf

Think about it. We are now solving not only for ecologic values—biodiversity, habitat, clean water and carbon sequestration— but also for social values—homelessness and housing insecurity, family stability and reducing the generational impact of adverse childhood experiences, and for more effective treatment of those with mental health and substance use disorders. We are also solving for economic values—sustainable forest harvest, rural economies, a more diverse and better paid workforce, for better educational outcomes and for healthier Oregonians. I outlined this strategy in more detail in a presentation to the Oregon Board of Forestry last April.

We have taken a small first step in this direction with the $41.4 million grant awarded last September by the U.S. Economic Development Administration to the Oregon Mass Timber Coalition—which includes some initial funds for multi-media communication and outreach effort. The goal is to support the mass timber industry, to expand employment in the creation and use of mass timber in housing, and to fund forest restoration projects in the Willamette National Forest. Our challenge is to rapidly scale this effort and to intentiallly incorporate it into our larger statewide strategy.

Redesigning Low-income Housing Finance

As we discussed earlier, because so much of low-income housing is intertwined with the current structure of the LIHTC program—and because over 40% of our need is for housing is between 0-80% of AMI (see page 6)—it will be very difficult to achieve our objectives within the current program structure. Furthermore, since almost all affordable housing resources are capped at 60% of AMI, and if we define middle income/workforce housing as 80-120% AMI, then we have also effectively created a gap where there are no subsidies.

I realize that this is a federal program—but I submit that if our shared objective is to meet the housing needs of low-income Americans and low-income Oregonians, no one would design the current program to do so. We tend to view federal legislation as something written in stone. In fact, it can be changed and we should consider a strategy to do so under some sort of federal pilot program or waiver, which I will discuss below.

This is really a "form follows function" exercise. We start by describing the outcome, what we want our low-income affordable housing program to accomplish (function), and then walk back from there and "retro-design" a system that can achieve that outcome (form). I assume the primary function here is a system that is as simple and straightforward as possible, that can efficiently and effectively produce an adequate supply of affordable housing, and that most of the resources committed to the program go directly into building the units we need.

Let me offer an example of how this might be approached. When we passed the Oregon Health Plan (OHP) in 1989, it violated several provisions of federal Medicaid law and required waivers in order to be implemented. As you know, today the OHP provides quality affordable care to almost third of all Oregonians, and to the majority of our children. So, getting those waivers

was very important, but they were vigorously opposed by the national Medicaid lobby and by many Washington, DC-based advocacy groups, which were vested in the status quo.

Their central strategy— one often deployed in the political area—was to compare what we were proposing in the OHP to a theoretic ideal. By this standard, of course, we always came up short.

To counter this strategy, I wrote (a somewhat tongue in cheek) piece of legislation which I called the "Health Care Equity and Empowerment Act" (attached). This Act described the bill Congress would have to pass to create the US health care system as it existed in 1990. In essence, it made explicit, the "implicit" polices embedded in our current system. The idea was to reframe the debate so that the OHP was being compared to the current system, rather than to a theoretic ideal. In short, we wanted to force those who opposed the waiver to *defend the status quo.*

What became clear was that no one could support the status quo—no one could openly support the implicit policies imbedded in the US health care system— which include, among others, that no clear responsibility is assigned to finance health care for those who cannot afford to pay for it themselves, that categories have been established to differentiate between the "deserving poor" and the "undeserving poor," and that people over the age of 65 must spend themselves into poverty before becoming eligible for publicly financed long-term care services.

This created what Peter Senge calls a "creative tension" between the status quo and our proposal for a more equitable, rational and effective Medicaid program. And this creative tension was a major factor in overcoming the political opposition and winning approval for the 1115 waivers that allowed up to implement the Oregon Health Plan in 1994.

I believe that applying this same principle to help expose the inefficient and often irrational framework that underlies federal and state housing policy could prove extremely valuable in helping meet our 20-year affordable housing target. If we are unable to break out of the statutory and administrative constraints of the current system I don't see how we can solve our housing supply problem—particularly for those between 0- 80% of AMI.

Toward that end I have attached the equivalent of the "Health Care Equity Act" for housing—a federal bill and a state bill, which attempt to make explicit, the implicit policies that flow from the way low income housing is financed at both the state and federal level. The next step involves what I call an "*If anything were possible*" exercise. That is, if anything were possible—if our thinking and our imagination was not constrained by existing statutes and administrative rules, or by the complex politics that swirl around housing—what would a system look like that could more efficiently and effectively produce an adequate supply of affordable housing for low income Americans and Oregonians? How would we design a program in which both the implicit and explicit policies are imminently defensible? What would that look like?

A Few Final Thoughts

The Urgent Need for Action

Having served for eight years as a presiding officer in the Oregon legislature and three terms as a governor, there is a tendency to study a problem through "Task Forces "and "Advisory Councils." I have done it myself. And while that may well be necessary here, we need to be acutely aware that time is not our friend. The longer we wait, the more difficult it will be to meet our projected 20-year statewide housing need which is projected to be 554,690 units.[7]

Figure 17. Total 20-year Need Allocation by Region Under Pilot and Revised Methodologies

Region	Pilot Methodology		Revised Methodology		Change
	Total Units	% Of Units	Total Units	% Of Units	
Deschutes	55,887	9.6%	63,115	11.4%	Increase
Metro	294,853	50.5%	263,502	47.5%	Decrease
Northeast	17,630	3.0%	23,578	4.3%	Increase
Northern Coast	17,335	3.0%	22,830	4.1%	Increase
Southeast	1,503	0.3%	1,931	0.3%	Increase
Southwest	49,761	8.5%	48,519	8.7%	Decrease
Willamette Valley	146,589	25.1%	131,216	23.7%	Decrease
TOTAL	583,559	100.0%	554,691	100.0%	Decrease

Currently our annual production is roughly 18,000 units, or 360,000 units over 20 years. That means that the gap between current production and projected need is 194,691 over the next two decades, or a production increase of at least 9,735 units per year, each year for 20 years.

It will obviously take a number of years to ramp up production to this level, but each year we fail to do so, the annual production target grows —from 9,735 in the first year to 10,246 in the second year to 12,979 in year five. If we don't begin to ramp up production until year six, we will need to reach an annual production target of 16,000 units by year 10 in order to address the projected 20-year need. At some point, we will simply be unable to match production with need.

Year	Time Left	Units Built	Annual Production Need	20-Year Need
0	20	0	9,735	194,690
1	19	0	10,246	194,690
2	18	0	10,816	194,690
3	17	0	11,452	194,690
4	16	0	12,168	194,690
5	15	0	12,979	194,690
6	14	2,500	13,727	192,190
7	13	5,000	14,399	187,190
8	12	7,500	14,974	179,690
9	11	10,000	15,426	169,690
10	10	16,000	15,369	153,690
11	9	16,000	15,298	137,690
12	8	16,000	15,211	121,690
13	7	16,000	15,098	105,690
14	6	16,000	14,948	89,690
15	5	16,000	14,738	73,690
16	4	16,000	11,538	57,690
17	3	16,000	13,896	41,690
18	2	16,000	12,845	25,690
19	1	16,000	9,690	9,690
20	0	16,000	0	+6,310

[7] https://www.oregon.gov/lcd/UP/Documents/Appx_D_OHNA_Technical_Report.pdf page 15

Furthermore, if our only focus is on increasing housing production, without dealing with the suite of other difficult and interconnected issues discussed earlier—the "local veto" and Oregon's land use planning system, local regulation and permitting in a fractured governance model, and the structure of our current low-income housing finance system—we will not solve the housing crisis. That means that we must find the courage, at the same time, to legitimize and put on the table the "third rail issues of housing policy.

Finally, every year that we fail to narrow the gap between production and need, the housing crisis will move up the triangle (page 2), impacting more and more Oregonians who are now on the verge homelessness, swelling the ranks of the economically disenfranchised (especially in rural Oregon) and creating an environment ripe for exploitation by populist demagoguery. As housing prices make the possibly of homeownership, or even just an affordable place to live, a receding dream for more middle-class Oregonians they will become susceptible to more radical approaches that frame the issue not as problem of housing affordability but as a threat to public safety. Nothing good can come from that.

The Need for a Statewide Strategy

We must recognize, and be guided by the reality, that this challenge can only be met through an aggressive *statewide* strategy. The only politically viable solution to housing underproduction, is one that is supported by Oregonians across the state. While the Portland metropolitan area has been perhaps the most vocal region in terms of homelessness, over half of the projected housing need is outside the metro area. The housing supply crisis is a statewide emergency and must be viewed and treated as such. It demands a statewide response, which is only possible if the strategy serves to *unite* Oregonians, rather than further divide them. The difficult political obstacles discussed earlier, cannot be overcome by one party or by just one part of Oregon. Success depends on building a broad-based, bipartisan, statewide political coalition.

Certainly, the metro area has had the capacity to raise significant new revenue for housing in the region through voter-passed initiatives like the City of Portland and Metro Affordable Housing Bonds, and the Metro Supportive Services measure. Many parts of the state, however, have much lower property tax bases and lower average per capita income, which makes raising funds for housing locally problematic.

This is reminiscent of the school funding debate prior to school equalization. A wealthy district like Lake Oswego, for example, could raise significant resources for schools from a very small increase in property taxes, while a poor district like Grants Pass or Coos Bay would have to raise their property taxes by a much higher rate to generate the same level of revenue per student. The point is that if we rely on local revenue to solve the housing problem, the vast majority of counties in Oregon will be disadvantaged.

Finally, it is worth noting that all five of Oregon's statewide elected offices (Governor, Secretary of State, Treasurer, Attorney General and Labor Commissioner) and held by people who live in

the Portland metropolitan area. Any perception that the metro area is going to be carved out, or addressed separately from a statewide effort, will fuel the “urban rural divide,” deepen political polarization, and undermine the kind of broad based, bipartisan coalition necessary to overcome the political barriers that stand between us and an adequate supply of affordable housing throughout Oregon.