

Director's Message

Date: October 25, 2007

To: Partners and Employees of Oregon Housing and
Community Services

From: Victor Merced, Director

Three days of travel outside the force field of Salem refreshed our spirits but, more importantly, gave us a fine sense of the work being done by our partners and the barriers they face.

Members of the OHCS executive team met with partners in Bandon, Central Point, Grants Pass and Roseburg early this month.

This was serious work, taking the OHCS budget and program message to the field and receiving partner feedback. And we got an earful. Mostly good news—particularly about the work our agency is doing to deliver excellent customer service.

No shyness here. There was some bad news too, of course. One deeply troubling matter is the challenge that food banks are facing. Funding continues to be a huge problem. “We have no food,” stated one frustrated advocate, appealing for more help for families in crisis.

One of the greatest needs voiced by our partners was for more affordable housing dollars. Housing under-funding is a challenge throughout the state. Elsewhere too, for that matter.

Particular housing finance problems we heard: lack of affordable housing for workers and late HUD payments. Delayed payments from the federal Department of Housing and Urban Development

for Section 8 renters is beginning to cause havoc in the marketplace, we were repeatedly told.

Section 8 renters. Federal funding shortfalls have forced HUD to delay the pass-through payments to owners of developments who manage Section 8 housing. These owners are required by their contracts not to punish low-income renters when the federal payments are delayed, and the owners must honor rent subsidies even though the federal money has not arrived.

Still this fiscal hardship on owners will ultimately have dire consequences on Oregon's low-income housing stock if Congress does not adequately pay for this essential program. I have written to Oregon's senators and representatives to cast their votes to fully fund the project-based Section 8 rent subsidies.

"I am calling on the entire Oregon delegation to act quickly to avert a disaster," I wrote in my October-11 letter. One hearing has been held in Washington DC and others are expected in the coming weeks.

Workforce housing. The other point repeatedly raised: the deficiency of available living quarters for working families, many of whom are young professionals getting a start in their communities.

This, I have learned is a tremendous problem in many Oregon towns. Often teachers, nurses and law enforcement officers must live a great distance from their work because they can't afford to purchase a home or even rent in the same high-cost community where they earn their daily bread.

These are challenges we are hearing far and wide—across Oregon—and no less on our southwestern swing. For example, the median income for a two-person family is \$38,600 in Grants Pass

where \$260,000 buys a median-priced home. This is well beyond the means of the homebuyer who earns 100 percent of median income, let alone homebuyers typically served by OHCS at 30 percent of median.

Mortgage payments, taxes and insurance on this house at 6 percent interest and 20 percent down would be more than \$18,000 per year. For the Grants Pass working family with an income at 100 percent of median, this housing represents nearly 47 percent of the money they earn.

This is well above the 30 percent that is the traditionally accepted upper limit for housing costs. And this scenario assumes the homebuyer has saved about \$50,000 for the down payment. Pretty tough to do for a family making less than \$40,000 per year.

One potential solution to the affordable housing challenge is being pressed by Larry Medinger, an Ashland builder who is chair of the State Housing Council. He believes, as do many others in the state, that the supply of housing can be appreciably enhanced by allowing the expansion of urban growth boundaries to make room for construction of affordable housing.

This is an idea that has received some legislative discussion and may see more in the very near future. It would provide a release valve for housing in those communities that need it and deem it in the best interests of their workforce. Obviously there are land use issues to be considered. You may be hearing more about this.

Homelessness. Everywhere we went, we heard pleas from our partners to help solve the homelessness that afflicts citizens in their communities, particularly youth. Some advocates struggle to gain the political will from local leaders to address the problem.

In the meantime, young people live on the streets, under bridges or move from crash pad to crash pad, “couch surfing.” There’s an added challenge to the issue of housing homeless kids. That is providing safe quarters for young women and men bunking in the same facility. Not an easy issue to solve.

Mobile park buyouts. The rising value of land has caused an increasing assault on one longstanding refuge for low- to moderate-income persons in southwestern Oregon—mobile home parks. Forty percent of the housing stock in the town of Talent, near Medford, we were told, is comprised of mobile homes.

Park owners are getting top dollar for park land that is ripe for construction of higher-end housing. The marketplace can be very unsettling for mobile home tenants caught in the closing vice of rising land values and the limited leverage they have if their doublewides sit on someone else’s dirt. This leaves frustrated mobile home owners few options when their modest, aging homes have limited value and cannot be economically moved.

These mobile park tenants are getting some help as the result of legislation put forth by our partners and OHCS and passed by Oregon lawmakers this year. The bill requires significant payoffs by park owners to tenants when parks are sold. It also provides tax credits for tenants forced to move.

In Roseburg, Umpqua Community Action Network is hoping to facilitate purchase of a mobile home park under the OHCS plan (modeled after the New Hampshire strategy) to help park tenants buy the land under their homes.

By and large the meetings we held in southwestern Oregon were incredibly upbeat. In spite of all the challenges our partners face in serving the public, our diligent associates keep pushing forward.

When members of the OHCS executive team go forth again—in mid-November to central and eastern Oregon—I expect we will hear news of different challenges, along with much of the same. There’s a lot of territory to cover out there, and we aim to cover as much of it as we can.

Once I traveled about in an old bakery wagon, double-doored rattler with a mattress on the floor, I stopped where people stopped or gathered, I listened and looked and felt, and in the process had a picture of my country the accuracy of which was impaired only by my own shortcomings.

~John Steinbeck