

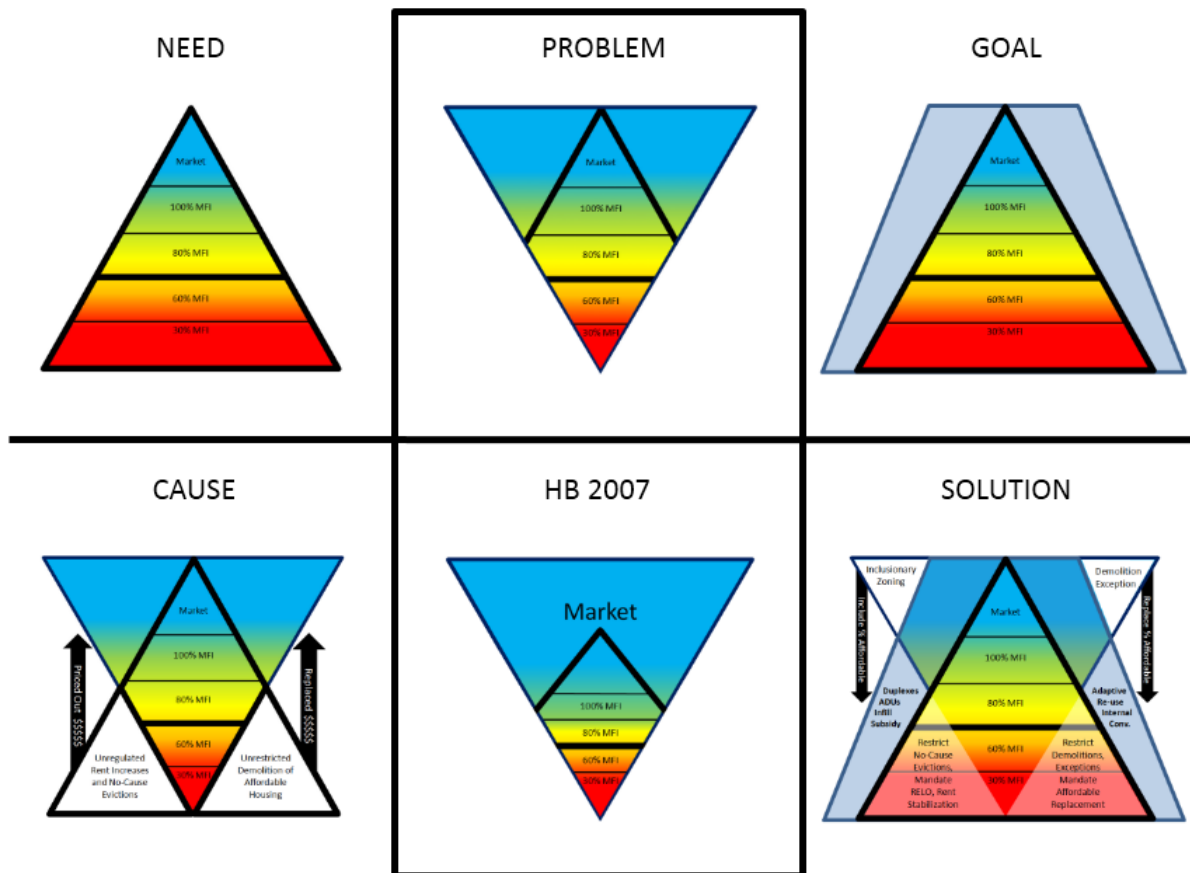
The Affordable Housing Crisis

Needs Assessment, Cause Analysis, and Solution Comparison



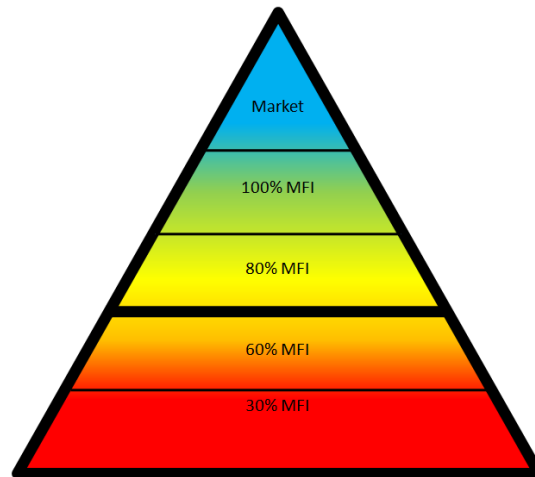
"The interests of Oregon for today and in the future must be protected from the grasping wastrels of the land. We must respect another truism - that unlimited and unregulated growth, leads inexorably to a lowered quality of life." - Tom McCall, Former Oregon Governor

When talking about affordable housing, specifically an affordable housing **crisis**, visualization is the key to finding a solution that addresses the root cause and meet the housing needs of all income levels. Only when there is a firm and **visualized** understanding of the **Need**, **Problem**, and **Root-Cause** can we truly contemplate and compare solutions to evaluate whether they truly help or hinder.



NEED

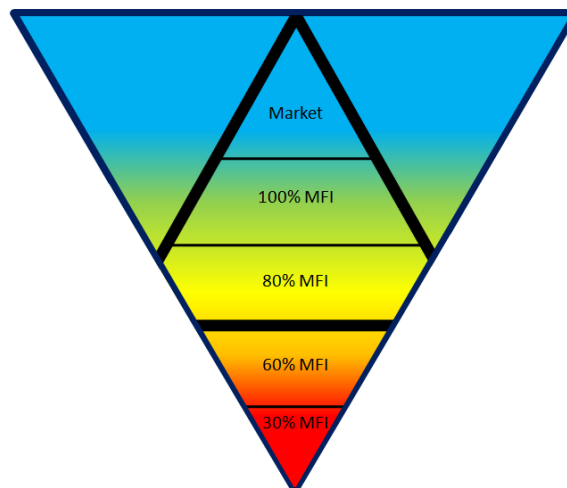
This is what affordability with a capital A looks like - housing needs, constraints, and cost burden defined by the HUD standard of Affordability - percentage of Median Family Income (MFI). This is very important to understand when we're talking about REAL affordable housing rather than RELATIVELY affordable (with a little a) as pertains to the market and whatever price it will bear.



PROBLEM

There is no “housing crisis” there is only an “affordable housing crisis”.

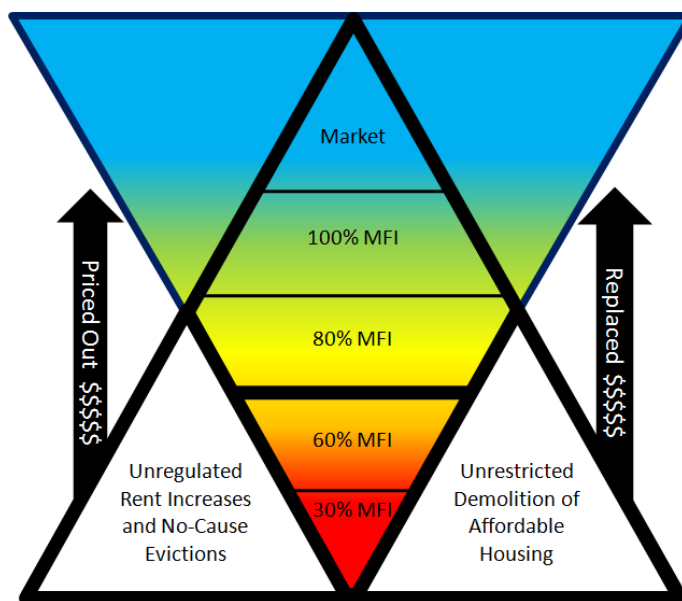
New construction is surpassing the need for market-rate housing and woefully failing to meet the need for lower-income supply. In fact, in most areas, luxury market-rate units are sitting vacant while an increasing number of people are being displaced, forced to live in their cars, or worse. Upward pricing pressure continues and quality of life declines as housing cost burden increases. The housing supply has been inverted by a market-rate housing boom.



ROOT-CAUSE

If the real name for the affordable housing crisis is “displacement”, then the real name for displacement is “injustice”.

When there is tremendous amount of speculation and profit-motive, prices go up, particularly in a rental market with low vacancy rates and where rent increases and no-cause evictions are unregulated. When those prices are raised to whatever the market will bear, people lose their housing and that affordable supply no longer exists. Developers and landlords take advantage of a housing market bubble that is yielding exorbitant rates of return on investment. Landlords are doubling and tripling rents and Wall Street has also recently created rental-backed mortgage securities and is now also in the Landlord business. In addition, unrestricted demolition of affordable housing is being replaced by market rate.



So, let us be VERY CLEAR about the root-cause - gentrification and displacement of lower-income households and replacement of affordable housing with market-rate. The result is a completely unregulated and inverted housing supply.

Market-rate housing does not “trickle-down” into actual Affordable housing. In fact, it can take up to 30 years for those units to become affordable - long after they've lost their luster - while displacement, homelessness, and suffering happen in present time.

Let this sink in for a moment... a speculative real estate gold-rush happening simultaneous to a crisis of affordable housing. To imply that one has no relation to the other, and that the current crisis is somehow caused by NIMBYism rather than the avarice of an over-inflated market is not only incorrect, it's disingenuous and dangerously misleading. Legislation which brings broad and dramatic change should be certain that it understands the root-case first. Otherwise it is particularly vulnerable to erring on the side of irrevocable harm and regret rather than caution and concern.

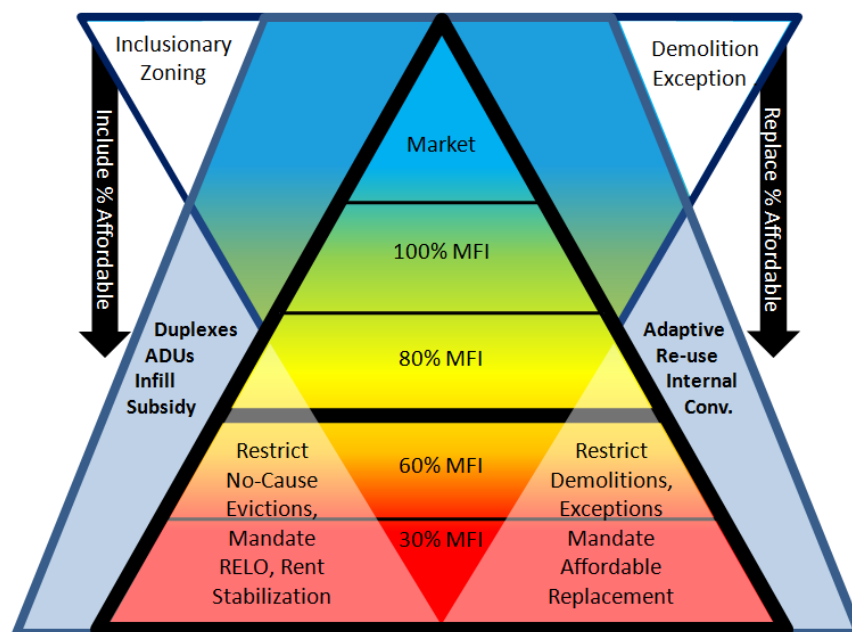
SOLUTION

How do we implement a real solution that takes an inverted market and shapes it back into an envelope that meets the goal of providing housing for all income levels?

An equitable solution not only understands the root cause, but also acknowledges that regulation, review, and incentives are the keys to shaping the kind of development that relieves the crisis rather than exacerbating and perpetuating it.

A real solution regulates the market to achieve those results by restricting no-cause evictions, mandating relocation assistance, and implementing rent stabilization. It also restricts the demolition of Sound and habitable housing except where the new project meets strict criteria tied to affordable housing goals. And it employs Inclusionary Zoning to require that a percentage of affordable housing units be included in larger developments.

Incentivizing duplexes, ADUs, Infill without demolition, and subsidized affordable housing are also important components as well as incentivizing adaptive re-use and internal conversion of larger homes into smaller more affordable units as an alternative to demolition.



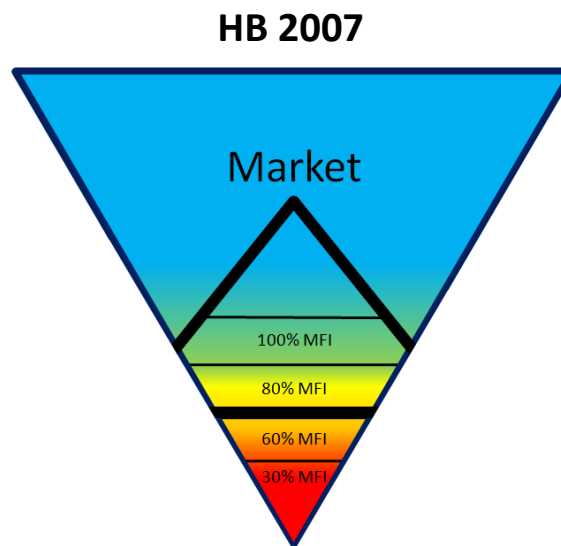
This is how we start to shape the problem into the solution – a balance of regulations and incentives that mitigate displacement and mandate affordability. A solution that preserves and protects existing affordable housing supply and protects tenants by helping them stay in place. And by subjecting the demolition of Sound and habitable housing to review, local governments can require rather than merely request and hope that replacement projects meet density and affordability goals.

HB 2007

House Bill 2007 is an attempt to further de-regulate the conditions that caused the crisis of affordability to begin with. It will accelerate, exacerbate, and perpetuate the root-cause and create even more pricing pressure by top-loading the market. It is what Naomi Klein refers to as “Disaster Capitalism”.

House Bill 2007 claims to be an affordable housing supply bill, yet it weakens land-use regulations statewide without a mandate that new construction be Affordable. In fact, it incentivizes more displacement and demolition of existing affordable supply by virtue of allowing even more market-rate density, and therefore, exponential densification of profit.

This “solution” doesn't look like much of a remedy, in fact it looks just like the problem, only worse.



Building more market rate housing will not resolve the problem – it is the cause. It will take almost 30 years for market-rate housing to “trickle-down” into some semblance of affordability, while those suffering today don’t have the luxury of waiting that long. Market-rate development doesn't need any help it's doing just fine - developers are very happy, the banks are very happy, investors are very happy, landlords couldn't be happier. Lower-income households are very unhappy, people are suffering.

How can Speaker Kotek’s assertions be true – that so-called NIMBYism is not only the biggest barrier to creating affordable housing but also the cause of the crisis – when the evisceration of existing affordable housing supply is unfettered, unregulated, and vociferously protested by those same community members she claims are so empowered to stand in the way of development? House Bill 2007 is a pitch to further deregulate an industry that already exploits the commodification of a basic need. That misdirection and misappropriation were intended to poison the well and strangle constructive debate from the outset and vilify those who want to stop the hemorrhaging rather than those who profit from it. Renters and People Of Color in particular are suffering and powerless to stop the evisceration of our communities and the displacement of our families. **Please help us by voting no on HB 2007 or by adopting amendment that address the problem rather than fueling it.**

Thank you for listening,
MK Hanson, DemandAffordability.org