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Background Brief on...

# Housing

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## Background

“Spending within the housing sector (including rents, utilities, furnishings, maintenance, repair, and remodeling) has accounted for about one-fifth of national economic activity for decades, and is likely to account for at least that large a share during the current decade.” - *State of the Nation's Housing 2003* – Joint Center for Housing Studies of Harvard University.

Housing has an economic impact on communities. It plays a bigger role for individuals comprising the largest single component of a family's budget. “A staggering three in ten U.S. households have housing affordability problems. Fully 14.3 million are severely cost-burdened (spend more than 50 percent of their incomes on housing) and another 17.3 million are moderately cost-burdened (spend 30-50 percent of their incomes on housing).” Approximately 9.3 million households live in overcrowded units or housing classified as physically inadequate. Three-quarters of severely cost-burdened households have incomes in the bottom fifth of the distribution. In addition, the study shows that only 34 percent of renters in the bottom fifth of income distribution receive any housing assistance.

Rental housing is also unaffordable for many Oregonians. The 2000 Census stated that 40 percent of renter households in Oregon pay rent that is not affordable (i.e., they pay more than 30 percent of their income for rent). According to the National Low Income Housing Coalition study *Out of Reach 2003*, an extremely low-income household in Oregon (earning 30 percent of the Area Median Income) can afford monthly rent of no more than \$426, while the Fair Market Rent for a two bedroom unit is \$707. A minimum wage earner in Oregon (earning \$6.90 per hour) must work 79 hours per week in order to afford a two-bedroom unit at Fair Market Rent. The Department of Housing and Urban Development (**HUD**) estimates that there are over 129,000 Oregon families eligible for rental assistance that are not receiving it.

Oregon communities continue to rank among the least affordable housing areas in the nation due to the disparity between housing costs and income levels. According to the *2002 Housing Opportunity Index* published by the National Building Industry Association, Portland/Vancouver ranked 163<sup>rd</sup>, Eugene/Springfield ranked 169<sup>th</sup>, and Medford/Ashland ranked 179<sup>th</sup> of the 191 metropolitan areas in the country. The 2000 Census data indicates that the value of a typical home in Oregon increased by 128 percent during the 1990's, or 2.5 times faster than the income of a typical Oregon household.

Additionally, rural Oregon poses unique challenges relative to maintaining

Special needs populations such as seniors, the physically and/or mentally disabled, victims of domestic violence and farm workers are especially vulnerable to the shortage of affordable housing. On any given night last year nearly 7,250 Oregonians were homeless or at risk of being homeless and sought shelter assistance. Children accounted for 37 percent of those individuals. Since 1991, the number of individuals turned away at homeless shelters has increased 163 percent.

### Federal Policy

Federal programs supporting housing in Oregon are primarily funded through HUD and the Department of Agriculture (Rural Development (RD) Program, formerly known as the Farmers Home program). Both HUD and RD provide a limited amount of vouchers or project-based assistance to subsidize rent for low-income tenants. A critical issue facing low-income housing advocates across the country is the potential loss of this federal assistance as long-term contracts expire. This situation is commonly referred to as "expiring-use." Efforts to find owners willing to maintain properties at rent levels affordable to low income tenants are generally termed "preservation." According to *The State of the Nation's Housing 2003* report, between 1997 and 1999, over 300,000 units of housing affordable to low-income households were lost nationally. The federal government largely discontinued developing new housing projects with rental assistance in the early 1980s. The Center's 2003 study points out that "While some public funds are available to rehabilitate this stock, they can preserve a small fraction of these low-cost units. Once they are lost, these private-market units will be difficult, if not impossible, for the housing sector to replace."

The federal government provides incentives to states to develop affordable housing through HUD's HOME program (providing limited grants for housing development with required state matching funds), and through the Low Income Housing Tax Credit (LIHTC). LIHTC awards are generally made to non-profit entities who sell them to obtain needed capital. Both the HOME and tax credit programs are significantly over-subscribed in Oregon.

### Oregon Housing and Community Services (OHCS)

OHCS is the state agency responsible for financing and supporting the development of affordable housing in Oregon and providing community services to address deficiencies. To maximize available state and federal

resources with the needs of Oregonians, OHCS developed a *Strategic Plan* to focus on the following four areas:

- Housing as an Economic Stimulus
- Energy Savings through Low Income Weatherization
- Targeted Housing for Special Needs & At Risk Populations
- Realizing the American Dream of Homeownership

Responsibilities and efforts of OHCS to address these four areas are:

- Assist communities where a lack of affordable housing is an impediment.
- Evaluate and implement an economic modeling tool to provide reliable projections on the impact of investments in affordable housing on job creation, new taxes, and the impact on local economies.
- Provide internet access in new construction.
- Raise the annual targets for number of multi-family units weatherized by 55 percent.
- Raise annual targets for number of single-family units weatherized by over 30 percent.
- Encourage housing partners and weatherization service providers to coordinate resources for more effective conservation and energy efficiency.
- Provide increased training and technical assistance to community-based partners.
- Develop additional housing for farmworkers, persons with severe and persistent mental illness, and persons with disabilities.
- Implement new options for Residential Loan Program to provide down payment/closing cost assistance.
- Increase the low-income households served by the Residential Loan program to 75 percent or more and the percentage of minority and ethnically diverse households served to 20 percent or more.

### The Oregon Housing Trust Fund

The Housing Development Account ("Trust Fund") was created by the 1991 Legislature to expand the state's supply of housing for low and very low-income families and individuals by providing funds to construct new housing or to acquire and/or rehabilitate existing structures. Between 1994 and 2003, the Trust Fund funded over 350 housing projects and created over 8,870 affordable housing units for approximately 14,900

low and very low-income Oregonians. The building program of the Trust Fund has provided more than \$32 million for affordable housing development, leveraging an additional \$698 million investment from private lenders and other state, local, and federal government sources.

## **Manufactured Housing**

### ***Background***

The Manufactured Housing Institute (MHI) defines a manufactured home as “a single-family house constructed entirely in a controlled factory environment, built to the Federal Manufactured Home Construction and Safety Standards (also known as HUD Code).”

Owners may locate manufactured homes on land they own, land they lease, or in “parks” where the land is owned by a separate entity and the tenant pays rent for the use of the space. Most manufactured homes are taxed as personal property, but a manufactured homeowner that owns the land where the structure is placed has the option of having the structure listed as real property, in which case the structure is taxed as real property rather than personal property.

Currently, Oregon counties list approximately 140,000 manufactured structures on their tax rolls. The Housing and Community Services Department has documented approximately 1,450 manufactured dwelling parks with over 65,000 spaces.

The Building Codes Division of the Oregon Department of Consumer and Business Services (DCBS), along with local jurisdictions, monitors the construction and installation of manufactured structures to assure compliance with HUD codes and state laws. The agency inspects homes under construction through in-plant inspections at Oregon’s manufactured home factories. In addition, DCBS licenses installers and administers the Oregon Manufactured Dwelling and Park Specialty Code that governs how homes are installed on building sites. Oregon was the first state to develop a statewide set-up standard. The agency also operates a consumer assistance program to resolve issues between homeowners, installers, dealers, and manufacturers.

### ***Cities and Counties***

Before a manufactured home transporter may legally move a home to an initial location or from one location to another, the homeowner must obtain a site permit from the county or city where the home will be located. The permit assures compliance with zoning or other location restrictions. Manufactured home relocation also

requires documentation from the originating county tax office assuring that the owner is current on any taxes owed to that county.

### ***Manufactured Dwelling Park Community Relations***

In 1989, the Oregon Legislature created the Manufactured Dwelling Park Ombudsman Program, which is administered by OHCS and is now named Manufactured Dwelling Park Community Relations (MDPCR). The Program provides:

#### **Services**

- A variety of services and information to tenants, landlords and others associated with manufactured dwelling park living.
- Open communication and a positive environment, confidential, neutral and voluntary services to assist in resolving disputes.

#### **Information and Resources**

- Knowledgeable and experienced staff regarding the unique living situations in manufactured dwelling parks.
- Available resources to assist the public through direct services and referrals to appropriate agency.

#### **Partnership**

Staff work to facilitate a cooperative working partnership between neighbors, landlords and tenants in manufactured dwelling parks.

The MDPCR field representatives provide direct services to landlords and tenants, including training and technical assistance. In 2002-03, the program provided over 7,000 services, including requests for assistance and information, mediation and park facilitation.

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