

# IT'S TIME TO RETHINK AFFORDABLE HOUSING

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It appears to me that **most effort by public agencies, foundations, and nonprofits regarding affordable housing are continuations of band-aid approaches** failing to address root issues, core problems, and real opportunities.

Some observations:

- **The broadest root issue is power imbalance in the marketplace, and lack of living wage minimum wage laws.** This is rarely even mentioned, though some communities have done remarkable things in this area. If people were paid living wages, much of the affordable housing need would be resolved.
- **The existing paradigm of home ownership benefits homeowners less than financing institutions and energy companies.** Energy operating costs are greater than construction costs. So are financing charges. A new paradigm is needed, and possible, that minimizes outflows in those areas, maximizes benefits to homeowners, and ensures permanent affordability of homes.
- **Lifecycle cost benefits of durability are virtually always ignored,** and put second to initial construction cost of a project. Yet focus remains largely on minimizing initial construction costs rather than improving the aggregate affordability of home costs.
- **Federal programs have been skewed towards tax-credit financing and short-term solutions** which do not provide permanently affordable housing.
- **Federal poverty guidelines/programs are skewed to urban and wealthy areas.** There is an assumption that living and housing costs are cheaper in areas with lower mean incomes. This is a fallacy in rural areas where transportation is more expensive and services remote; and in tourism-impacted areas where housing costs are extremely high irregardless of low incomes.
- **Funding sources for affordable housing are vanishing.** New sources and strategies are needed.
- **Oregon's pass-through of federal funds only addresses rentals,** not ownership.
- **In Oregon, special interests have blocked almost all options for local and state-wide financing** used in other states.
- **Oregon Land Use Laws ignore that COST of land had a bearing on affordability.** The laws mandate that cities ensure that affordable housing is available for all segments of the population, but no enforcement exists. Particularly in tourism-affected rural areas.
- **Working with current tax law and land use laws, opportunity exists for obtaining "free land" which can provide significant project subsidy, but this option is largely unknown.**

- **Most nonprofit providers assume eventual self-support, although this is contrary to the realities of their operational programs and strategies.** Most assume that scale will provide this, again contrary to experience. Ongoing program costs, such as qualifying and assembling finance packages for subsequent homeowners and management of rental properties are significant for affordable housing providers. Inadequate effort has gone into strategies to reduce need for those costs and provide income flows to pay for them.
- **Project costs, outside of "construction costs" are an element of new construction that has larger cost-saving potential than construction itself, yet is largely ignored.** Sharing of designs, engineering, project management, shared purchasing can offer some intriguing potentials for significant savings.
- **The role of good design, flex-plex design, and putting soul into affordable homes so people care about them and care for them, is largely ignored.**
- **What big-city-based agencies, foundations, and nonprofits consider "rural", people in rural areas consider good-sized cities.** The needs, scales of operation of truly rural areas are rarely understood or addressed. For example, 75% of families in our rural area are "self-employed", because there are no big industries. Need for work space as part of living space doesn't even appear on the radar for programming affordable housing.
- **After 20 years, the true economic cost of home construction is paid off, yet current market practices continue to make \$\$\$ costs to subsequent "owners" of the home as large as to the original owner.** In contrast, some forms of "community co-ownership" can reduce the real cost of the home to near zero once initial construction is paid off.
- **Fundamentally new ways of working with existing , through deep energy retrofits, for example, can reduce energy expenditures by 80%, significantly impacting affordability of homes whose construction cost is already paid off.**
- **The potential for fundamental shifts/collapse of our economy today suggests particular caution and innovative approaches to housing issues.**

We have explored many of these areas and come up with strategies that appear to offer significant new opportunities. I feel it is time to take stock, reevaluate the focus of current efforts, and put together new initiatives that more deeply address the problems, and redirect resources to more effective solutions.