

# Poverty and Homelessness: Challenges and Solutions

***By Victor Merced, Director***  
**Oregon Housing and Community Services**

Thank you for the introduction. I want to take a moment to thank each of you who are attending this conference for your commitment to ending poverty. As the new Director of Housing and Community Services, I must say that this occasion to speak about the antipoverty issues in Oregon is opportune.

During my ten years at the Meyer Memorial Trust, I traveled throughout Oregon and experienced the commitment of a multitude of agencies dedicated to serving our most vulnerable populations.

It became evident that with desire, proper planning and resources, the problems faced by our most vulnerable could be overcome in time. I saw firsthand what communities can do when they work together to solve an issue.

Now that I have rejoined government and started to travel throughout the state, meeting with many of the same people I encountered while at Meyer, I realize that something is different. The people who came together were committed to helping solve poverty; however, they did not approach their government leaders as problem solvers. I listened carefully as people expressed their frustrations and concerns and yet no solutions were brought to the table.

I had an epiphany – we need to build a paradigm shift that empowers community and government leaders to seek new and innovative solutions.

Oregon Housing, in partnership with community action agencies and nonprofit organizations serving the poor, are essential to the anti-poverty efforts supported by our Governor. We have the opportunity to collaborate with one another and form partnerships to better serve Oregon citizens with our limited resources. I am looking forward to working with you as we move toward ending hunger, homelessness, and poverty for Oregonians.

I am well aware that many of you have worked decades toward a solution to poverty and its causes and results. Others of you may be new to this war on poverty.

I remember many of you from my days as the Deputy Administrator of Adult and Family Services. What I am asking is not new, and I know that some feel like forgotten warriors in a battle where there is limited progress.

I hope all of you will leave this conference recommitted to fighting for people who are homeless, hungry, and scraping by ... and confident that by combining our energy we can make a difference.

Tonight, I will be drawing from our new Report on Poverty -- a tool that I hope each of you will use to educate policymakers, partners, and others about the problems of poverty, homelessness, and housing affordability in your communities.

Before I go any further, I would like to thank all of you that provided information for this year's Poverty Report – especially the community action agencies and their work in describing local needs and community efforts. The important poverty information provided in the Poverty Report is one way we work together to make a difference.

The Report on Poverty 2006, unlike the 2004 edition, reveals the troubling effects of Oregon's recent recession, high unemployment, rising energy costs, and housing cost escalation. Sadly, even though the state has moved past the recession into a mild recovery, many of these problems are still with us.

Early in his administration, Governor Kulongoski identified hunger as a priority issue. He called upon Oregon's business community to join with public and private agencies to bring an end to hunger. The results are significant, yet troubling.

In 2005, there was an 80 percent increase in Food Stamp participation. Also, approximately 750,000 Oregonians received food from emergency food boxes. These outcomes are the result of a collaborative public-private effort to reduce food insecurity among our most vulnerable citizens. Working together, significant progress was achieved, and yet our labors must continue.

Recognizing that homeless and housing affordability are tied to hunger, Governor Kulongoski has added these new priorities to his policy agenda.

This fall, the new Ending Homelessness Advisory Council began to chart a course to ensure that every Oregonian has a safe and stable home within the next 10 years. I have the privilege of chairing this council and I can assure you that OHCS will continue to play a central role in addressing the problems of homelessness and housing affordability.

Oregonians have paid a high price during the last few years, and while the economy is recovering, that recovery has not reached every corner of our state. More importantly, for too many households, there has not been a recovery at all.

## Who is in poverty?

According to the 2005 American Community Survey, many of those who live in poverty are families headed by single mothers with children five years of age and younger, the elderly, and minorities.

Furthermore, the 2005 median income in Oregon has fallen from that recorded in 2001. National trends show that working families are not benefiting from the current economic recovery.

In the 2006 Report on Poverty you will find a [basic family budget](#) for every county in Oregon. A review of this budget illustrates the difficult tradeoffs Oregon's low-income families must make.

In Marion County, a family in poverty with one adult and three children, has income of about \$1,600 each month. The cost of renting a home can require 55 percent of their income, an average of \$900 in Marion County. This becomes problematic considering that food for a family of this size is nearly \$600 per month. That leaves a little over \$100 a month for utilities, transportation, childcare and/or healthcare, and many other basic expenses families face. Obviously, housing affordability has become one of the greatest barriers to defeating poverty.

While Oregon's economy moves cautiously out of recession, its housing market booms. Since 1980, Oregon home prices have increased 300 percent. Oregonians live with some of the biggest housing price increases in the nation, along with Hawaii, Florida, and Arizona. With this troubling rise in housing costs, there is no need to wonder why the National Low Income Housing Coalition ranked Oregon as the third most unaffordable rental market in the nation.

As wages continue to stagnate and housing prices rise, households face untenable choices. In some areas of the state, like Jackson County, local workers must relocate out of community hubs and urban centers to find affordable housing.

Oregon has seen the percentage of households paying 35 percent or more of their income on housing leap from 37 to 41 percent between 2001 and 2005, while low-income households paying more than 50 percent of their income for housing grew to a record high. Think of that for a minute. 40 percent of all Oregonians are now housing cost-burdened. 40 percent!

The burden of high-cost housing affects certain groups more than others. Who suffers the most? Large families, single parent families, low-income families, and families where the primary breadwinner has little or no education.

Housing-burdened families must make trade offs when paying their bills. [Do I buy the food I need, or do I make my car payment? Do I try and get training for a better job, or do I pay for health insurance this month?] They must deal with food insecurity, overcrowding, inability to afford a car, much less gas and insurance, and whether or not to seek health and dental care.

## **From Housing Unaffordability to Homelessness**

When some families run out of choices based on unemployment, unforeseen health issues, or other costs that tax their income availability, they may suddenly face another huge life challenge -- homelessness.

Although we are not yet able to give an accurate count of the number of homeless Oregonians, we can point to underlying factors that create homelessness. You know these factors: high housing costs, incomes that do not provide a living wage, limited access to services, health problems related to mental illness and chemical dependency.

There are other issues: Federal assistance for low-income renters continues to fall far short of the need. In 2004, approximately 5 million households nationally received rental assistance, while nearly 8 million faced severe cost burdens, paying more than 50 percent of income on housing. Transitional services are declining, impacting domestic violence situations where a woman must make a decision to leave her home; and, individuals with previous jail or prison time are at risk of becoming homeless when transitional services that help an individual to succeed cannot be found.

The National Law Center on Homelessness and Poverty reports that children represent 39 percent of the homeless population and 42 percent of these children are five years or younger. Also, approximately one-half of people who are homeless are African-American, and 23 percent of people who experience homelessness have a mental illness, with 30 percent experiencing alcohol and drug abuse or addiction.

Many of these statistics you may have heard before. Here's one you may now know. 44 percent of homeless Americans have jobs! That is an unfortunate and disturbing commentary on our current economy. For many of the homeless, it is a terrible reality to find that their best efforts to work cannot provide a home for their family.

## Lost housing

Oregon has more than 1,400 manufactured dwelling parks with 65,000 spaces that house a diverse population, including many low-income and elderly Oregonians. Collectively, these parks comprise an important part of the state's supply of affordable housing. As land values increase, park owners are confronted with lucrative financial incentives that entice them into selling their parks for other types of development, which has the potential to threaten many Oregonians living on fixed incomes. A park closure may force additional moving costs for these residents, many of whom are senior citizens who may not have savings or other financial resources to relocate.

At risk also is publicly financed housing. Beginning in 1975, Housing and Urban Development (HUD) financed and signed 20-year contracts with private owners of multifamily housing to subsidize rents at their properties with Section 8 funds. The subsidies ensure that low-income tenants did not pay more than 30 percent of their income for rent. At the end of the contract period, owners have the option of renewing their contracts or opting out of the program altogether. Many owners have renewed their contracts on a short-term basis to consider options and to see how Congress and HUD will fund Section 8 housing in the future.

As with manufactured dwelling parks, Oregon's rising property values provide the financial incentive to convert these section 8 properties into market-based properties. The expiration of the contracts creates widespread uncertainty about whether the properties will continue as affordable housing, or whether owners will choose to opt out of the Section 8 program.

The individuals currently living in these projects represent the lowest income Oregonians and face the highest risk of homelessness. Without this housing stock, and the federal subsidy that comes with it, Oregon will lose ground in its effort to end homelessness.

In our Agency's portfolio alone, approximately 4,000 households face the potential of losing their homes.

We have worked together to make a difference for many Oregonians on hunger issues. It's time to work together to find answers to unaffordable housing.

Affordable housing is a huge issue that will not be solved overnight. Nevertheless, the department is taking some positive steps toward addressing these problems.

Historically, the department operates many programs to provide safe and affordable housing: first-time homebuyer loans and down payment assistance, the leveraging of funds for the construction and rehabilitation of multifamily housing, homeless assistance programs, and emergency shelter grants and

weatherization. And, despite all this, we must continue to raise the level of our activity to curtail Oregon's affordable housing crisis.

Let me share a bit about our legislative agenda.

First, we are seeking significant funding for the development of affordable housing and support services for the homeless or very-low income Oregonians.

Second, we are seeking funds to preserve 81 Section 8 projects in jeopardy of being lost during the 2007-09 biennium. Success of this package will keep 4,000 households in affordable housing for the next 30 to 40 years.

Third, we are developing legislation and requesting funding to preserve manufactured housing. Last biennium, the Oregon Legislature passed a bill to help residents when manufactured dwelling parks close. While this bill will be helpful, there is more that can be done. Our legislative package, and the legislative efforts by partners and policymakers will help preserve manufactured dwelling parks from being lost. And for those parks that cannot be saved, there will hopefully be more options for impacted residents.

During the next legislative session, the Agency will also pursue the following:

- restoration of funding transferred out of our budget during the recession;
- additional funding to develop new affordable housing;
- expansion of individual development accounts to youths and people with disabilities;
- coordination of state anti- hunger and homelessness initiatives;
- establishment of a new food policy council;
- stronger state support for volunteers and the volunteer ethic;
- financial support for our community partners including food banks, community development corporations, and housing authorities.

In addition to this legislative agenda, the department and its partners will continue to explore innovative solutions -- such as:

- Setting up of Land Trusts
- Coordinating Land Banks and finding the resources to support them

- Building capacity of CDC's, Housing Authorities, and other partners to deliver programs and services
- Getting more private sector involvement on these issues
- Implementing 10-year plans to end homelessness

We can work together to explore new ideas, study best practices, and find the solutions to poverty issues.

The battle is certainly not over and the war is just beginning. Poverty, as each of you know, goes much deeper than wages. The issues that the most vulnerable citizens of Oregon face are staggering. Housing costs, stagnant wages, and access to health care are all significant issues that must be addressed.

We live in a beautiful place. Yet among our natural wonders people suffer – children go hungry, families live on the street, and the gap between rich and poor continues to grow.

What kind of Oregon do you want?

We cannot rest while children suffer. We cannot give up until every Oregonian has the opportunity to chart a path out of poverty.

No Oregonian should have to choose between food and a place to live.

We must work to improve the lives of our neighbors because their success is ours.

When you leave tonight and over the next several days I hope you will ask yourself if you can do anything more to defeat poverty. Remember your successes and use them as a springboard to greater inroads in the effort to end poverty, hunger, and homelessness.

As you think about next steps to address poverty and homelessness, I encourage all of you to look at partnerships and cooperative solutions as a means to maximize and leverage resources. Government, nonprofits, and their private sector partners must ask “What can I do to end the suffering of my neighbors?”

Partnership is an old word, however, it is time to embrace it once more, as it were a new concept.

It's time to catch your second wind ... you've made tremendous in-roads in the fight against hunger, and we need to capture that momentum. The department,

community action agencies, and committed support from the private sector, can win more battles in the war on poverty.

It is time to pursue the dream of an Oregon without hunger, without homelessness, without poverty.

I'd like to close with these sentiments from Senator and former Presidential candidate, John Edwards. In a recent speech on poverty he ended with this:

“In America today, there are millions of our neighbors who think they're alone. That no one knows they're struggling with their bills. That no one cares they can't afford to turn on the lights. That no one thinks twice about the fact their kids go to bed hungry at night.

“Well I have something to say to those families today: We know. We care. And we will lift you up.”

*Delivered October 10, 2006, at Bridges out of Poverty Conference, Portland OR*