

Oregon Alliance of Senior and Health Services

Comments of [Victor Merced](#)

Director, Oregon Housing & Community Services

Good afternoon.

The presentations you have just heard address some of the most important issues facing our state and nation: how the graying of America will affect each of us.

My mother just turned 70 years old. That may not sound very old to you, but she is the first person in her family to reach that age. Her reaching that milestone signifies a continuing trend of people living longer, healthier lives.

There's another aspect of demographic change we need to be aware of – the browning of America.

As the white population grows older, it is shrinking as a percent of the state's total population. In 1980, 93.3 percent of Oregonians were non-Hispanic. By 2000, that percentage fell to 83.5 percent.

"White" remains the majority population in the state, however, whites generate only about 20 percent of the state's population growth.

In contrast, Hispanics represented 12.5 percent of the state's population in 2000 and generated 40 percent of the state's population growth between 1990 and 2000. While much of this growth can be attributed to immigration, Hispanics also continue to grow as a population due to their larger family size and high birth rates.

Why is this important? As White Oregonians grow older, they will rely on a growing Hispanic population to fund and provide the

supports they need as they age. As Oregonians, we need to prepare for these community changes, for they are surely coming. As a state agency, we are watching demographic changes closely in order to ensure that our programs continue to be effective for all Oregonians.

Role of [Oregon Housing and Community Services \(OHCS\)](#) and its partners

OHCS supports the development of affordable housing through two primary approaches: funding via grants and tax credits, and financing through bonds and low-cost loans.

Using a mix of state and federal funding, OHCS works with partners to provide solutions for households all along the housing continuum: from emergency shelters for the homeless, to rental housing for low-income families, to support for first-time homebuyers.

OHCS' efforts reinforce the connections among housing, economic development, infrastructure, community capacity, and the support individuals need to succeed.

The department manages and distributes housing funds through seven unique funding streams:

- [Low-Income Housing Tax Credit](#) (encourages new construction and rehabilitation of rental housing for low-income families);
- [HOME](#), a US Department of Housing and Urban Development program (supports affordable housing options for people at less than 60 percent of their area's median income);
- [Housing Trust Fund](#) (receipt of Trust Funds obligates projects to provide 25 years of affordable housing);
- [Oregon Affordable Housing Tax Credits](#) (tax credits lower the cost of financing by up to 4 percent and tenant rents are

reduced by an amount equal to the savings that result from the low interest rate);

- [Low-Income Weatherization](#) (provides budget relief to low-income Oregonians through lower energy bills);
- [Alcohol and Drug Free Housing](#) (provides housing for people in recovery);
- [HELP program](#) (targets assistance to farm workers, victims of domestic violence, and the homeless).

Project sponsors and partners include for-profit businesses, local governments, housing authorities, not for-profit agencies, nonprofit corporations, and private individuals and businesses.

Funding is distributed through the agency's [Consolidated Funding Cycle \(CFC\)](#) application. This open, competitive process distributes the state's limited grant and tax credit funds for affordable, multi-unit, rental housing development where they are needed most throughout the state.

Fifty percent of the housing units developed with OHCS grants, bond financing and tax credit resources provide rental opportunities for older Oregonians and individuals with special needs. All of our new projects must meet visitability requirements that include improvements for the mobility impaired.

The [Elderly and Disabled Loan Program](#) provides below-market interest rate, permanent mortgage loans by issuing pooled tax-exempt bond financing for affordable multi-unit rental housing projects. Borrowers may apply for this loan for construction of new affordable housing or for acquisition and/or rehabilitation of existing properties. This program finances apartments, congregate care, residential care, and assisted living facilities for elderly persons, as

well as group care homes for mentally and physically disabled persons.

OHCS gives priority to projects that also meet the service needs of their residents.

A challenge for your industry as employer

As I travel the state as a member of the [Economic Revitalization Team](#), I hear the same concern in each and every community: a lack of affordable workforce housing.

In many of the communities attractive to aging Oregonians, workforce housing poses a particular challenge.

Oregon's economy moved cautiously out of recession, and its housing market boomed. Since 1980, Oregon home prices have increased 300 percent (from the 2006 Poverty Report, follow this [link](#) and refer to page 7). Oregonians live with some of the biggest housing price increases in the nation, along with Hawaii, Florida, and Arizona. The troubling rise in housing costs has led the [National Low Income Housing Coalition](#) to rank Oregon as the third most unaffordable rental market in the nation.

Unfortunately, incomes have not kept pace with housing prices. 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.

The long-term care industry will likely run right up against this reality. The result: a struggle to recruit and retain a workforce to serve residents. If we do not find a way to increase wages or provide more affordable housing for our workers in Oregon, we will continue to have workforce problems.

Affordable housing at risk

Increasing housing values also threaten some of the state's other affordable housing alternatives.

The state's more than [1,300 manufactured dwelling parks](#) serve as home to many low-income and elderly Oregonians.

In today's market, residents of manufactured dwelling parks face the potential loss of their affordable housing. Increasing land values make closure and sale of parks increasingly attractive to park owners.

While the last legislature expanded protections for manufactured dwelling park residents, market trends suggest that we will continue to see park closures that will result in many people losing their homes.

The owners of publicly financed Section 8 housing face similar pressures to convert their buildings to more lucrative market-based properties. Approximately 4,000 Section 8 households face the potential loss of their homes in the years ahead if these projects are not preserved.

Add the changes in the marketplace to the broader demographic trends, and we are confronting a challenging future.

Innovation

Oregon led the way in the 1980s and 1990s toward creating a long-term care system centered on client choice, dignity and independence. The recession of 2001 put much of the system at risk; given the demographic changes we know are coming, we must tap into the creative thinking that helped us get through the bad times of two decades ago.

Some of the solutions:

- support aging in place by retrofitting existing housing with assistive technology and structural improvements;
- ensure that projects we fund provide the maximum flexibility and support for seniors and people with disabilities; and
- continually innovate and find ways to make our resources go further.

Toward that end, we have been exploring and trying to identify the next generation senior housing model. Our goals:

- Create a desirable physical environment;
- Incorporate assistive technology in support of resident's dignity and independence;
- Minimize costs for senior residents and the taxpayer.

Through these efforts, and the support of the Robert Wood Johnson Foundation and high tech firms, we hope to create a senior housing solution that provides for resident health and safety in an affordable community-based environment with support from local service providers.

We all have a part to play.

Across the state, nonprofits and other organizations are helping us respond to the challenge of providing affordable housing and the accompanying service and care Oregonians need.

Local community development corporations create and manage affordable housing, facilitate homeownership, promote neighborhood improvement, produce jobs, and provide opportunities for economic self-sufficiency for residents and communities. Most of the households served have incomes at or below 50 percent of area median income.

Habitat for Humanity continues to help many families reach their dream of homeownership.

We will continue to support these grassroots efforts and appreciate the great work they are doing. We hope that OHCS will continue to be an effective partner in addressing the housing needs of our changing population as we face the challenges ahead.

Thank you.

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