

Affordable Housing & Homelessness are they connected?

High rents are to blame for the severity of the state's homelessness crisis. Economists John Quigley and Steven Raphael were among the first to demonstrate that housing affordability—rather than personal circumstances—is the key to predicting the relative severity of homelessness across the United States. They estimated that a 10.0 percent increase in rent leads to a 13.6 percent increase in the rate of homelessness. Consistent with Quigley and Raphael's findings, our analysis indicates that median rents across U.S. states explains 43 percent of the variance in rates of homelessness in 2017.¹

The Center on Budget and Policy Priorities calculated that about 209,000 low-income, renter households in Oregon received federal assistance or were in need of it in 2016. Of those, slightly more than one-quarter — 56,000 households — received assistance. The remaining 153,000 households did not. These unassisted, low-income households paid more than one-half of their income for rent and utilities and were thus at measurable risk of homelessness.¹

• Clatsop County
2020 - 25.3 per 1,000
2019 - 22.7
2017 - 17.5



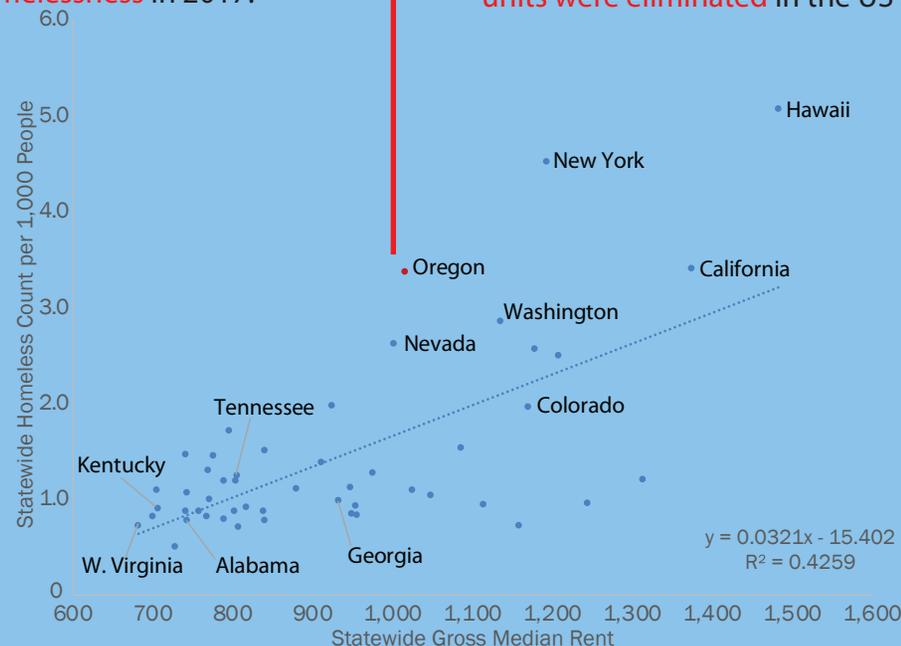
Where has all the housing gone? Long time passing....

Over the 2010-2016 time period, Oregon created only 63 new housing units for every 100 households that formed during the time period, increasing competition for housing.¹

Between 1955 and 2013, almost one million SRO [Single Room Occupancy] units were eliminated in the US due to regulation, conversion or demolition.²

There is ample empirical evidence finding that regulatory restrictions tend to increase the price of housing and, in turn, to make communities less affordable for low- and moderate-income households.³

If policy advocates are interested in reducing housing costs, they would do well to start with zoning reform. Building small numbers of subsidized housing units is likely to have a trivial impact on average housing prices..., even if well targeted toward deserving poor households. However, reducing the implied zoning tax on new construction could well have a massive impact on housing prices.⁴



Source: ECONorthwest analysis of HUD 2017 Point-In-Time Counts and U.S. Census Bureau 2017 American Community Survey data. The diagonal line is the line-of-best-fit for the data, showing a strong positive correlation between median gross rent and rates of homelessness. The linear equation for the line is shown. The R² value demonstrates how closely the line fits the data; a higher R² indicates a better fit and less variance.

For data sources see

<https://friendsoftheunsheltered.org/rents/>

1. ECONorthwest (March 2019). *Homelessness in Oregon: A review of trends, causes, and policy options*.

2. Ionova, Mariana (3 June 2013). "The \$80-a-Week, 60-Square-Foot Housing Solution That's Also Totally Illegal: It's Time to Bring Back the SRO". *nextcity.org*. Next City.

3. Raphael, S. (2010). Housing market regulation and homelessness. In I. G. Ellen & B. O'Flaherty (Eds.), *How to house the homeless*.

4. Glaeser, E. L., & Gyourko, J. E. (2003). The impact of building restrictions on housing affordability. *Economic Policy Review*, 9(2).

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