

Affordable Rental Housing

Currently the news is full of articles discussing efforts to do something about the shortage of affordable rental housing. I doubt if I can add anything analytical to this discussion, but perhaps I can add some perspective from having lived 76 years with these issues.

In 1952 my parents, Ray and Azalea Hockett, built a small 3-bedroom house for our long time hired man, Mervin Horner and his family (Mervin paid no rent, it was part of his salary). Even in that day after WWII, housing was tight in the economically expanding county and the valley was not yet a recreation destination, as it is today. Other extra housing that was added along our road included the Locke's to the north of us who built a second house next to the hill which allowed their adult children to live in the old main house. Our neighbors the Waters, to the south of us, put in a mobile home to accompany the main house so the parents and children could all live on the place. Mid 20th Century the Hatch family built some apartments down below the Joseph high school and rented them out. These are a few examples of how housing was easily expanded in the county in that era.

When I was moving around during my Navy aviation training I frequently needed a temporary place to stay for a month or two. At that time, in the late sixties, there were numerous furnished apartments that were available on a monthly basis. For a long time, this kind of housing inventory was stable and affordable. For example, the area between Portland State University and the Willamette River had hundreds of inexpensive apartment rentals in older buildings. Then urban renewal began in the early 70's along with rapid appreciation in land values (which I also benefited from) and all of that housing was bulldozed and replaced with commercial buildings and expensive high-rise condos. This began happening all across the country and really accelerated in the 21st Century, greatly depleting the supply of older affordable rental housing.

During the seventies and early eighties, I lived in Northeast Portland as a bachelor in a small two-bedroom house built in the 1930's. I was able to buy the house through a low interest guaranteed VA mortgage loan for \$25,000 (a government affordable housing program) and it became the starting foundation of my future capital assets. While I lived there I rented out the spare bedroom to a number of individuals who needed a nice place to stay without having to provide furnishings. Their rent was very reasonable and it helped me pay the mortgage. I sold the house seven years later for \$75,000 and reinvested those dollars again and again in future houses, each time leveraging up the value of the next purchase. All because of a government housing program.

For years my wife Wendy and I owned a couple of homes we rented out in the Puget Sound area. These were in nice, newer neighborhoods where 95% of the homes were owned, not rented. Frequently we rented to military families who were on 3 year rotations. In choosing who to rent to we were very careful, doing a thorough background check, talking to previous landlords, and interviewing the entire family. We never had a problem with damage, non-

payment, or criminality. Recently local laws began to change taking away the landlord's right to screen the prospective tenants. One new law required the landlord to accept the first applicant that financially qualified and outlawed criminal background checks. This meant that a rough looking character could roar up to the house in ripped-off shirt sleeves and offensive tattoos, rack his bike pipes, lay down an application with deposit and we would have to rent to him, end of discussion. We soon sold the rental houses to home buyers who were going to live in them and got out of the rental business. Forty-seven per cent of Seattle's small landlords have stated that they are considering getting out of the rental housing because of this law and several other new restrictions. Small landlords make up over half of all rental housing in Seattle. These are not slum lords, these are people who take care of their property.

The above are personal examples of how varied the solutions and problems are that contribute to a rental housing supply or shortage. The County's rental housing shortage will not be solved by a single "magic bullet". However, one issue is clear, the market system of highest bidder "wins out" will not be the solution, nor will well intentioned, but onerous landlord laws increase the supply of affordable rentals. In an affluent urban economy and in rural areas with as much physical beauty as Wallowa County, the buildable lots will always go to affluent buyers who wish to maximize their long-term income or assets, and this is appropriate, up to a point. That point is when the worker bees cannot find a place to live and businesses therefore cannot attract employees. Ski resorts everywhere have all had to build housing for their employees (which is rented back to them at below market rates). All over the U.S. companies out of necessity are obtaining rental housing for their employees (called Employer Assisted Housing, EAH). Sound familiar? There is nothing new in this, remember company towns like Maxville near Wallowa? Remember the dormitories on college campuses or how about the parsonage next to the church? Fanatical adherence to capitalism has never been where the heart of America is located; our economic culture has usually been a blend of public and private investment.

Alternatively, quickly throwing tremendous amounts of money at the problems will most likely result in a bloated bureaucracy and a honey pot for the criminal minded. We need to funnel reasonable amounts of funds over a long period through local entities like Wallowa Resources (see the recent article on their efforts) and local entities, like the County Commissioner Councils in rural areas, which are generally in touch with who is competent and who to avoid in spending these funds. We have a rental housing crises in America and it will take a concerted effort from many different sources over a long period to solve it. Waiting for market capitalism to solve it will not work, we will also need pro-active help from the public sector.

Roger Hockett grew up in Wallowa County and is retired in Newcastle, Wa. He is a veteran and spent a life designing, crafting, and manufacturing furniture.