Regular Session RS

Milwaukie City Council

CITY OF MILWAUKIE

2415th Meeting

COUNCIL REGULAR SESSION

City Hall Council Chambers, 10501 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

AGENDA

DECEMBER 3, 2024

Council will hold this meeting in-person and by video conference. The public may come to City Hall, join the Zoom webinar, or watch on the city's YouTube channel or Comcast Cable channel 30 in city limits. **For Zoom login** visit https://www.milwaukieoregon.gov/citycouncil/city-council-regular-session-384.

Written comments may be delivered to City Hall or emailed to ocr@milwaukieoregon.gov.

Note: agenda item times are estimates and are subject to change. **Page #**

1. CALL TO ORDER (6:30 p.m.)

- **A. Pledge of Allegiance**
- **B. Native Lands Acknowledgment**

2. ANNOUNCEMENTS (6:31 p.m.)

3. PROCLAMATIONS AND AWARDS

- **A. Outstanding Milwaukie High School (MHS) Student – Award** (6:35 p.m.)
  Presenter: Kim Kellogg, MHS Principal
- **B. Christmas Ships – Proclamation** (6:50 p.m.) **2**
  Presenter: Steve Cridland, Christmas Ships Co-Fleet Leader

4. SPECIAL REPORTS

- **A. None Scheduled.**

5. COMMUNITY COMMENTS (6:55 p.m.)

To speak to Council, please submit a comment card to staff. Comments must be limited to city business topics that are not on the agenda. A topic may not be discussed if the topic record has been closed. All remarks should be directed at the whole Council. The presiding officer may refuse to recognize speakers, limit the time permitted for comments, and ask groups to select a spokesperson. **Comments may also be submitted in writing before the meeting, by mail, e-mail (to ocr@milwaukieoregon.gov), or in person to city staff.**

6. CONSENT AGENDA (7:00 p.m.)

Consent items are not discussed during the meeting; they are approved in one motion and any Council member may remove an item for separate consideration.

- **A. Approval of Council Meeting Minutes of:** **4**
  1. **November 5, 2024, work session, and**
  2. **November 5, 2024, regular session.**
- **B. Authorization of Additional Funding for the Meek Street Project – Resolution** **9**

7. BUSINESS ITEMS

A. Monroe and Washington Greenways – Update (7:05 p.m.) **14**
Staff: Jennifer Garbely, City Engineer, and
Tanya Battye, Civil Engineer

8. PUBLIC HEARINGS

A. Quarterly Fee Schedule Revisions – Resolution (7:35 p.m.) **21**
Staff: Michael Osborne, Finance Director

9. COUNCIL REPORTS

A. Quarterly Council Budget Review – Report (7:45 p.m.)
Staff: Scott Stauffer, City Recorder

B. Council Goal Setting Process – Check-In (8:00 p.m.)
Staff: Emma Sagor, City Manager

C. Council Reports (8:30 p.m.) **27**
Presenters: Council

10. ADJOURNMENT (8:45 p.m.)

Meeting Accessibility Services and Americans with Disabilities Act (ADA) Notice
The city is committed to providing equal access to public meetings. To request listening and mobility assistance services contact the Office of the City Recorder at least 48 hours before the meeting by email at ocr@milwaukieoregon.gov or phone at 503-786-7502. To request Spanish language translation services email espanol@milwaukieoregon.gov at least 48 hours before the meeting. Staff will do their best to respond in a timely manner and to accommodate requests. Most Council meetings are broadcast live on the city's YouTube channel and Comcast Channel 30 in city limits.

Servicios de Accesibilidad para Reuniones y Aviso de la Ley de Estadounidenses con Discapacidades (ADA)
La ciudad se compromete a proporcionar igualdad de acceso para reuniones públicas. Para solicitar servicios de asistencia auditiva y de movilidad, favor de comunicarse a la Oficina del Registro de la Ciudad con un mínimo de 48 horas antes de la reunión por correo electrónico a ocr@milwaukieoregon.gov o llame al 503-786-7502. Para solicitar servicios de traducción al español, envíe un correo electrónico a espanol@milwaukieoregon.gov al menos 48 horas antes de la reunión. El personal hará todo lo posible para responder de manera oportuna y atender las solicitudes. La mayoría de las reuniones del Consejo de la Ciudad se transmiten en vivo en el canal de YouTube de la ciudad y el Canal 30 de Comcast dentro de los límites de la ciudad.

Executive Sessions
The City Council may meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660(2); all discussions are confidential; news media representatives may attend but may not disclose any information discussed. Final decisions and actions may not be taken in executive sessions.

CITY OF MILWAUKIE

2415th Meeting

COUNCIL REGULAR SESSION

City Hall Council Chambers, 10501 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

MINUTES

DECEMBER 3, 2024

Council Present: Councilors Will Anderson, Adam Khosroabadi, Rebecca Stavenjord, and Council President Robert Massey, and Mayor Lisa Batey

Staff Present:

Joseph Briglio, Assistant City Manager	Justin Gericke, City Attorney
Tanya Battye, Civil Engineer	Emma Sagor, City Manager
Jennifer Garbely, City Engineer	Scott Stauffer, City Recorder

Mayor Batey called the meeting to order at 6:34 p.m.

1. CALL TO ORDER

A. Pledge of Allegiance.

B. Native Lands Acknowledgment.

2. ANNOUNCEMENTS

Mayor Batey announced upcoming activities, including information sessions on the Transportation System Plan (TSP) and floodplain code updates, the city's Umbrella Parade and Winter Solstice events, the ongoing leaf drop off event, the opening of a new downtown Milwaukie business, and the reopening of Scott Park.

Mayor Batey read an Umbrella Parade themed haiku poem.

3. PROCLAMATIONS AND AWARDS

A. Outstanding Milwaukie High School (MHS) / Milwaukie Academy of the Arts (MAA) Student – Award

Kim Kellogg, MHS Principal, introduced MAA student Stella Gaydos and Council congratulated them on their academic and extracurricular activities.

B. Christmas Ships – Proclamation

Stauffer commented on the Ship's 2024 sailing season and the city's winter events at Milwaukie Bay Park. **Mayor Batey** proclaimed Christmas Ships Days in Milwaukie.

4. SPECIAL REPORTS

A. None Scheduled.

5. COMMUNITY COMMENTS

Mayor Batey reviewed the comment procedures. **Sagor** noted there was no follow-up from the November 19 comments and reported that court staff had responded to November 5 comments related to a traffic citation.

Amy Ryman, Milwaukie resident, commented on an ongoing noise nuisance situation and asked for the city's help in resolving the issues.

6. CONSENT AGENDA

Councilor Anderson noted a scrivener's error in the November 5, 2024, regular session minutes. **Stauffer** confirmed the error would be fixed.

It was moved by Councilor Khosroabadi and seconded by Councilor Stavenjord to approve the Consent Agenda as presented.

A. City Council Meeting Minutes:
   1. November 5, 2024, work session, and
   2. November 5, 2024, regular session.

B. Resolution 62-2024: A resolution of the City Council of the City of Milwaukie, Oregon, authorizing an increase in the project authorization for a public improvement contract with Tapani, Inc. for the Meek Street Pipe Installation North Phase (CIP-2016-Y11).

Motion passed with the following vote: Councilors Anderson, Khosroabadi, Massey, and Stavenjord and Mayor Batey voting "aye." [5:0]

7. BUSINESS ITEMS

A. Monroe and Washington Greenway – Update

Garbely and **Battye** provided an update on the greenway project, noting the location of curb, sidewalk, and crosswalk improvements, where the roadway would shift and where trees would be removed or built around, and plans to install signage. They discussed how on-street parking would be impacted and how the city and Oregon Department of Transportation (ODOT) would engage the community and impacted homeowners.

Councilor Khosroabadi, **Battye**, and **Garbely** remarked on how driveways along the greenway that are not in compliance with the city code would be rebuilt by the project.

Battye reported on project scope reductions that had been made due to a lack of funding, and suggested the project would be under construction by summer 2026.

The group commented that the project was at risk of losing more funding due to how long it had taken to get to the construction phase, what elements of the project might be restored if additional funding was secured, and that based on the current project timeline the construction open house would be in spring 2026.

Mayor Batey reviewed the comment procedures.

Bernie Stout, Milwaukie resident, asked if Garrett Drive was part of the city's planned Americans with Disabilities Act (ADA) improvements and requested that a flashing beacon be installed on Washington Street. **Mayor Batey** confirmed that staff planned to add a beacon if extra funding was secured.

Dennis Tarr, Milwaukie resident, asked about the bicycle pathway along the greenway from downtown to the Seven Acres Apartments. **Mayor Batey** noted that part of the greenway would be designed in 2026. They also noted the part of Washington Street currently under construction would be resurfaced before the project was completed.

Karin Levine, Milwaukie resident, remarked that the project engagement plan had failed to communicate to residents and suggested the city didn't listen to residents' comments. **Mayor Batey** noted that the public could communicate with Council directly by emailing ocr@milwaukieoregon.gov.

Battye confirmed that a flashing beacon at Washington Street and 37th Avenue would be added to the project if additional funding was secured. **Mayor Batey** and **Garbely** noted that flashing beacons cost around $50,000.

Battye confirmed that the downtown to Seven Acres segment of the greenway had not been designed yet. **Battye** and **Garbely** noted how staff had distributed project information to the community.

8. PUBLIC HEARING

A. Quarterly Fee Schedule Revisions – Resolution

Call to Order: **Mayor Batey** called the public hearing on the proposed fee schedule revisions, to order at 7:46 p.m.

Purpose: **Mayor Batey** announced that the purpose of the hearing was to receive a staff update and consider a resolution adopting fee schedule changes.

Conflict of Interest: No Council member declared a conflict of interest.

Staff Report: **Briglio** explained that the city had previously received a request from Reliable Credit to reduce the quarterly parking permit rate to encourage better use of the available public parking spaces. **Sagor** added that staff would review the entire fee schedule in 2025 and explained that the parking permit change had been brought forward now to ensure the lower permit fee was available to all parking customers. **Sagor** and **Briglio** reported that the lowered fee had resulted in more permits being purchased. Staff would monitor the permit purchases in the coming months and adjust the fee as necessary.

Mayor Batey remarked that the permit prices had been set to match the cost of a monthly TriMet transit pass to encourage people to use public transit instead of personal vehicles. **Batey** and **Briglio** remarked on how many additional passes had been purchased by downtown businesses since the fee had been lowered.

Councilor Stavenjord asked if the permit system tracked whether the employee using the permit worked full- or part-time. **Sagor** and **Briglio** confirmed the permit system did not track employment status and suggested staff would investigate the permit system.

Council President Massey, **Briglio**, and **Sagor** noted that Reliable Credit owned much of the block their building was located on, that per a change in the code nine years ago they had one more year to employ the option to demolish the existing storefronts to make a parking lot for their employees, and that the city had no assurances from Reliable Credit that they would not tear down the storefronts.

Councilor Khosroabadi expressed concern about Reliable Credit leveraging the lowered permit price against the city. The group noted that the city did not control the development of private property and **Mayor Batey** explained how Reliable Credit had received the 10-year timeframe to consider demolishing Main Street storefronts.

Councilor Anderson remarked on balancing downtown parking and environmental concerns with the desire for a lively downtown.

Correspondence: **Sagor** reported that one email had been received regarding downtown parking from the Business of Milwaukie (BOM) group.

Conduct of Hearing: **Mayor Batey** reviewed the comment procedures.

Audience Testimony: No audience member wished to speak to Council.

<u>Close Public Comment:</u> **It was moved by Councilor Khosroabadi and seconded by Councilor Stavenjord to close the public comment part of the fee schedule revision hearing. Motion passed with the following vote: Councilors Anderson, Khosroabadi, Massey, and Stavenjord and Mayor Batey voting "aye." [5:0]**

Mayor Batey closed the public comment part of the hearing at 8:05 p.m.

<u>Council Discussion:</u> **Mayor Batey** remarked on balancing previous Council direction to encourage public transit and helping businesses encourage their employees return to in-person work. **Batey** noted plans for Council conversations about the Harrison and Main parking lot and the parking fee schedule at future meetings.

The group discussed the city's position in encouraging Reliable Credit to not tear down storefront businesses and how big of an impact the permit fee reduction would have on revenue and the environment.

Mayor Batey believed the fee change would have less of a revenue impact, would encourage employees to come back to work, and would impact climate goals.

Councilor Stavenjord, **Briglio**, and **Sagor** remarked that permits were assigned to vehicles and not individuals and what the city could look at doing with the permit system in the future. They commented on how to construct a parking permit system that would encourage the use of public transit.

Councilor Anderson left the meeting at 8:15 p.m. and returned at 8:16 p.m.

Councilor Anderson agreed with Councilor Stavenjord about structuring the permit system, noted the need for a larger discussion about downtown parking, and agreed with the staff recommendation.

Councilor Khosroabadi and **Mayor Batey** suggested the new businesses coming to downtown would increase the demand for parking.

<u>Council Decision:</u> **It was moved by Councilor Khosroabadi and seconded by Councilor Stavenjord to approve the resolution revising Section 4 of the Fee Schedule for downtown parking. Motion passed with the following vote: Councilors Anderson, Khosroabadi, Massey, and Stavenjord voting "aye" and Mayor Batey voting "no." [4:1]**

Resolution 63-2024:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, REVISING SECTION 4 OF THE FEE SCHEDULE FOR DOWNTOWN PARKING.

9. COUNCIL REPORTS

A. Quarterly Council Budget Review – Report

Sagor noted why Council had requested regular updates on its budget in a public meeting and suggested the regularity of the updates could be reduced. **Stauffer** provided a brief report on Council expenses in the current fiscal year to-date and asked for Council input on using funds designated for lobbying.

Mayor Batey and **Sagor** remarked on the need for Council to discuss how Council members can use their education and training budget.

Mayor Batey suggested the city should spend lobbying money in support of the Kellogg Creek Dam removal project. **Councilor Stavenjord** suggested Council discuss its overall legislative priorities and how lobbying funds could be used to support those priorities. The group discussed the city's participation in the League of Oregon Cities (LOC) 2025 legislative priorities process, the need for Council to discuss legislative priorities, and the need for brief talking points to support the Council's legislative goals.

B. Council Goal Setting Process – Check-In

Sagor reviewed Council's goal setting discussion at the November mini retreat, presented a draft of possible Council goals, and asked for Council feedback.

Council President Massey, **Mayor Batey**, and **Sagor** commented on how the public would weigh-in on the potential goals. **Massey** observed that the city would work on some of the proposed goals anyway and **Batey** believed making an issue a goal would help ensure it gets worked on.

Councilor Anderson remarked on the possibility that some goal ideas could be doubled-up into a single goal and whether the city prioritizing certain big projects would make a difference in achieving the project. **Sagor** remarked on how the public engagement materials would be worded to best structure public feedback.

Council discussed whether any of the proposed goals should be removed from consideration and how to best get feedback on the goals from the public. It was Council consensus to not remove any of the proposed goals.

Mayor Batey proposed wording changes to the parks, financial stability, and help Milwaukians most in need goals. **Councilor Stavenjord**, **Batey**, and **Sagor** commented on how to word the goals.

Sagor summarized the plan to hold a goal setting town hall on January 7, 2025, and have Council set new goals during the annual retreat on January 31 and February 1.

The group discussed rewording the affordability goal.

C. Council Reports

Council President Massey reported on a recent North Clackamas Watershed Council (NCWC) meeting that featured updates on the North Clackamas Parks and Recreation District (NCPRD) system plan and the Kellogg Creek Dam removal project.

Councilor Anderson reported on recent Clackamas County Coordinating Committee (C4) project prioritization work, Governor Tina Kotek's recent statewide housing report, and recent neighborhood district association (NDA) meetings.

Councilor Khosroabadi reported on a recent North Clackamas Chamber of Commerce meeting that looked at ways to make Oregon a more business-friendly state, and a meeting with Island Station neighborhood residents about the Sparrow Site.

Councilor Stavenjord reported on escorting Millie the Goose on Small Business Saturday and thanked the businesses who participated in the event.

Mayor Batey reported on Metro's supporting housing services (SHS) bond measure and noted that an update on the city's ongoing parks governance discussion was scheduled for a future Council meeting.

Sagor provided an update on traffic speed data collected along the 29th Avenue Greenway at Boyd Street, noting that daily maximum vehicle speed traveled had dropped since additional signage had been placed by the city. The group discussed what the speed data confirms about comments from the community about vehicle speeding experiences along the greenway.

Councilor Stavenjord shared photos of Millie the Goose on Small Business Saturday.

10. ADJOURNMENT

It was moved by Councilor Stavenjord and seconded by Councilor Khosroabadi to adjourn the Regular Session. Motion passed with the following vote: Councilors Anderson, Khosroabadi, Massey, and Stavenjord and Mayor Batey voting "aye." [5:0]

Mayor Batey adjourned the meeting at 9:38 p.m.

Respectfully submitted,

Scott Stauffer, City Recorder

RS Agenda Item 2

Announcements

Mayor’s Announcements – December 3, 2024

- **Transportation System Plan Community Event – Thu., Dec. 5 (5:30 – 7:30 PM)**
    - See the progress made so far on the Transportation System Plan Update.
    - Share how you get around and what can be done to improve safety and flow.
    - All attendees will be entered into a raffle for two $50 gift cards.
    - Attendees can pick up a free set of bicycle wheel lights while supplies last.
    - Ledding Library (Community Room), 10660 SE 21st Ave.

- **Floodplain Code Changes – Community Information Meeting – Thu., Dec. 5 (6-7:30 PM)**
    - Learn about upcoming changes to the city’s rules for development in the floodplain.
    - Attend in person at City Hall (10501 SE Main St.) or on Zoom.
    - Not able to attend, but want to learn more or have questions, visit Engage Milwaukie at engage.milwaukieoregon.gov.

- **Umbrella Parade and Tree Lighting – Sat., Dec. 7 (4 – 6 PM)**
    - Decorating contest includes three categories – Most Creative, Most Festive, and Most Milwaukie. Each category includes prizes for both adults and children.
    - Parade begins at 4:30. Arrive by 4:15 to join decorating contest.
    - New this year! Join the bike decorating contest!
    - Parade convenes on South Main Street near the post office.

- **Free Leaf Drop – Saturdays - Dec. 7 & 14 (7 AM – 2 PM)**
    - Bring along a utility bill as proof of residency.
    - Service is free, but non-perishable food is being collected for local families for anyone that would like to donate.
    - Johnson Creek Building, 6101 SE Johnson Creek Blvd.

- **Winter Solstice and Christmas Ships Viewing – Sat., Dec. 21 (4:30 – 7:30 PM)**
    - Save the date for the annual celebration at Milwaukie Bay Park!

- **LEARN MORE AT WWW.MILWAUKIEOREGON.GOV OR CALL 503-786-7555**

Umbrellas aloft,
Guardians of warmth and cheer,
Together we stroll.

Share your Milwaukie Haiku!
Email yours to bateyl@milwaukieoregon.gov

RS Agenda Item 3

Proclamations & Awards

Stella Gaydos

RS 3. A. 12/3/24 Presentation

Stella has a 4.0 GPA
- Working toward an Honors Diploma
- National Honor Society

MHS/MAA Classes
- AP US Government
- Pre-Calculus
- AP Lang & Comp

AP US History
AP Calculus
AP Seminar

Electives /Extracurricular & Work
- Jazz Band
  Ensemble
- Pony Pipers
- Theatre - 3 years
  (3 yrs)
- Basketball 3-years

Jazz
A- Choir
Outdoor School
Soccer - 3 years

Stella Gaydos is an incredibly talented and hardworking student, who combines her discipline as a multi-sport athlete and exceptional vocalist to achieve excellence. Her curiosity drives her continuous learning, while her thoughtful leadership fosters inclusivity and respect within her community, making her an invaluable asset to any team

-Willy Dolan

Stella is a renaissance woman, bright, responsible, vivacious, inquisitive, leader!

-Erica Fuson

Stella sang the Star Spangled Banner before the kickoff of her senior night soccer match, fulfilling a long held dream and the nexus of her skills and interests as an athlete and performer. Stella has played soccer and basketball throughout high school and also performs in the band, choir, and onstage in musicals. She is multi-talented and juggles participation in sports, creative pursuits, and rigorous academics with great success. She is a star onstage, on field and court, and in the classroom.

— Freeland Church

CITY OF MILWAUKIE

RS 3. B.
12/3/24

PROCLAMATION

WHEREAS the Christmas Ships Parade is a 70-year-old tradition; and

WHEREAS the Christmas Ships will sail to destinations on the Columbia and Willamette Rivers between December 5th and December 22nd, 2024; and

WHEREAS the Christmas Ships will sail to Milwaukie Bay on December 10th, 13th, 17th, 19th, and 21st, 2024; and

WHEREAS the City of Milwaukie has planned a Solstice Celebration in Milwaukie Bay Park on the evening of December 21st to observe the Christmas Ships as a community; and

WHEREAS the City of Milwaukie wishes to thank the Christmas Ships for bringing their annual floating parades to and through Milwaukie Bay.

NOW, THEREFORE, I, Lisa Batey, Mayor of the City of Milwaukie, a municipal corporation in the County of Clackamas, in the State of Oregon, do hereby proclaim December 5th through December 22nd, 2024, as **CHRISTMAS SHIPS DAYS** in Milwaukie, and hereby extends the city's warmest wishes for a successful parade season!

IN WITNESS WHEREOF, and with the consent of the City Council of the City of Milwaukie, I have hereunto set my hand on this 3rd day of December 2024.

Lisa M. Batey, Mayor

ATTEST:

Scott S. Stauffer, City Recorder

RS Agenda Item **5**

Community Comments

CITY OF MILWAUKIE
CITY COUNCIL

10722 SE Main Street
P) 503-786-7502
F) 503-653-2444
ocr@milwaukieoregon.gov

Speaker Card

The City of Milwaukie encourages all citizens to express their views to their city leaders in a **respectful** and **appropriate** manner. If you wish to speak before the City Council, fill out this card and hand it to the City Recorder. Note that this Speaker Card, once submitted to the City Recorder, becomes part of the public record.

Name: Amy Ryman

Organization:

Address: 11168 SE 52nd Ave Milwaukie Oregon 97222

Phone: 971-645-7356

Email: ryman.amy@gmail.com

Meeting Date: 12/3/2024 **Topic:** Chronic Nuisance Property

Agenda Item You Wish to Speak to:

- [x] #5 Community Comments
  Note: Council generally does not respond to comments during this meeting. The city manager will respond to comments at the next regular session.
- [ ] #7 Other Business, Topic: ____
- [ ] #8 Public Hearing, Topic: ____

You are Speaking…

- [ ] in Support
- [ ] in Opposition
- [ ] from a Neutral Position
- [x] to ask a Question

Comments:

RS 5. 12/3/24
Correspondence
Submitted by
Amy Ryman

"Good evening, Council Members,

I am here tonight to demand action on a property in my neighborhood that has become a hub of repeated and blatant violations of city ordinances. The property at 11164 SE 52nd Ave, Milwaukie, Oregon, has subjected us to incessant noise, including hydraulic drills, construction compactors, air compressors, nail guns, and sawing, often during after-hours periods when such activities are explicitly prohibited. These violations are not isolated incidents but a chronic and ongoing problem, with multiple witnesses and documented police incident reports to back up our claims.

For years, we've reported these issues to both the Milwaukie Police Department and City Code Enforcement, specifically working with Tim Salyer. Every single time we've called the police about noise complaints, they've directed us to City Code Enforcement. And every single time we've contacted Code Enforcement, they've directed us back to the police. This cycle has left us with no clear authority to address these problems, leaving our neighborhood in chaos.

To make matters worse, the City of Milwaukie's code states that noise and chronic nuisance properties are to be handled by the Chief of Police or designee, yet no one has informed us who this designee is. This lack of clarity and accountability has left us abandoned by the very systems meant to protect us.

I must also point out that this property has clearly violated the Chronic Nuisance Code. This code exists for properties like this one—properties that repeatedly and egregiously violate city ordinances and disrupt the safety and peace of their neighborhoods. So, I ask:

1. Why has no action been taken under the Chronic Nuisance Code against this property, despite its clear pattern of violations?

2. What criteria does the city use to designate a property as a chronic nuisance, and how has this property not qualified?

3. Who within the city is responsible for initiating chronic nuisance actions, and why have they not acted in this case?

I also demand answers to the following:

- Who is responsible for enforcing noise and nuisance violations, particularly after hours? Is it the police, City Code Enforcement, or someone else?

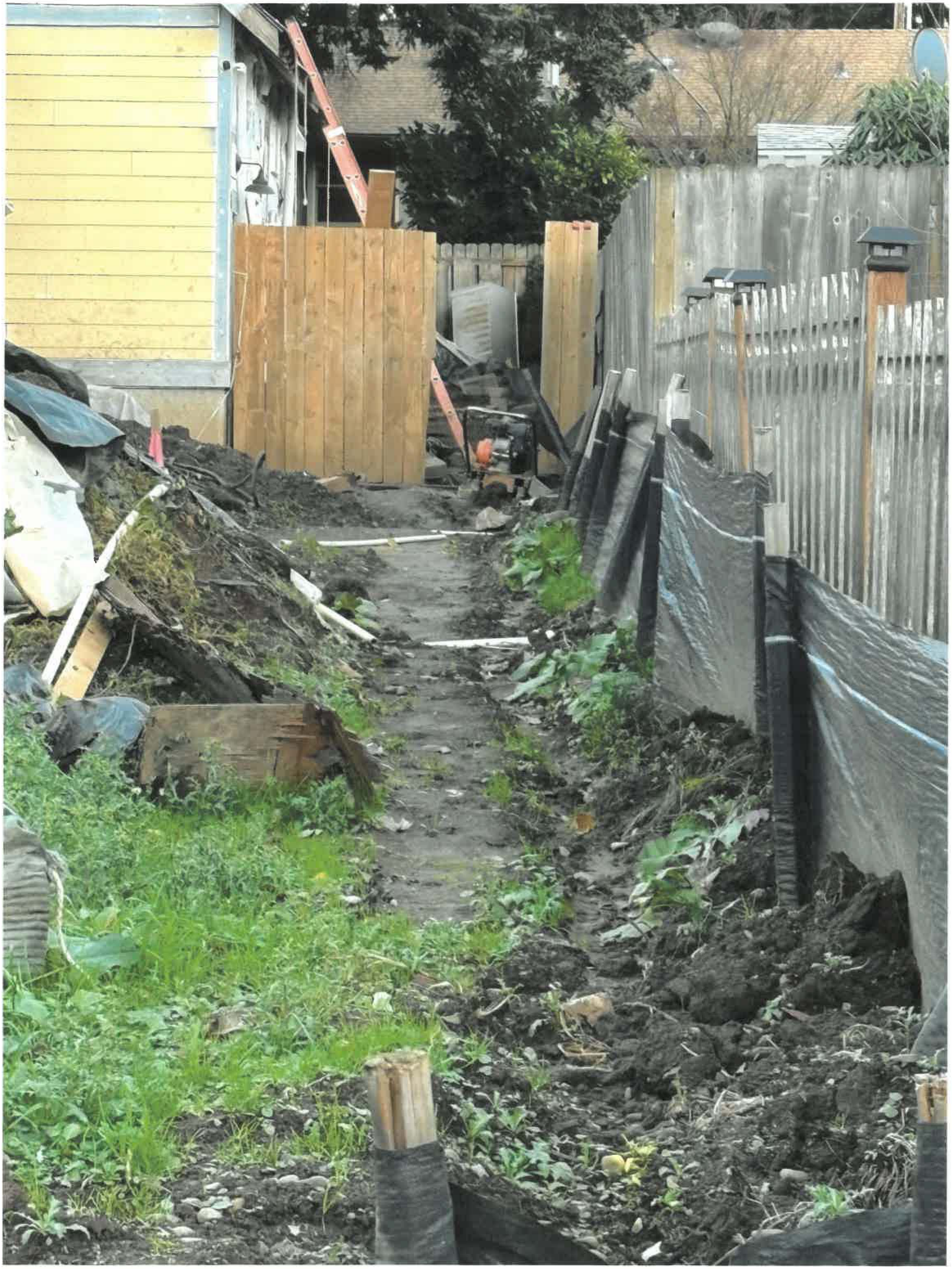
- Why has no one taken responsibility for this property, and how does the city plan to fix this communication breakdown?

- What penalties or actions will the city take to address these repeated violations and ensure that this property is held accountable?

Finally, I want to emphasize that we, the residents, pay taxes to fund these departments and your positions on this council. Yet, our tax dollars are not being effectively used if complaints like these are ignored, and ordinances are not enforced. It is unacceptable for public resources to be wasted while neighborhoods like ours are left to fend for themselves.

This council has been given the power to ensure our city remains safe, livable, and fair. Yet that power means nothing if it isn't used to protect residents like us. You have the authority to act—so act. Investigate this property. Enforce the Chronic Nuisance Code. Hold someone accountable.

The residents of this neighborhood deserve better. We've waited years, submitted complaints, and provided evidence. It's time for the city to step up and protect the people who follow the rules and contribute to their community. [redacted]



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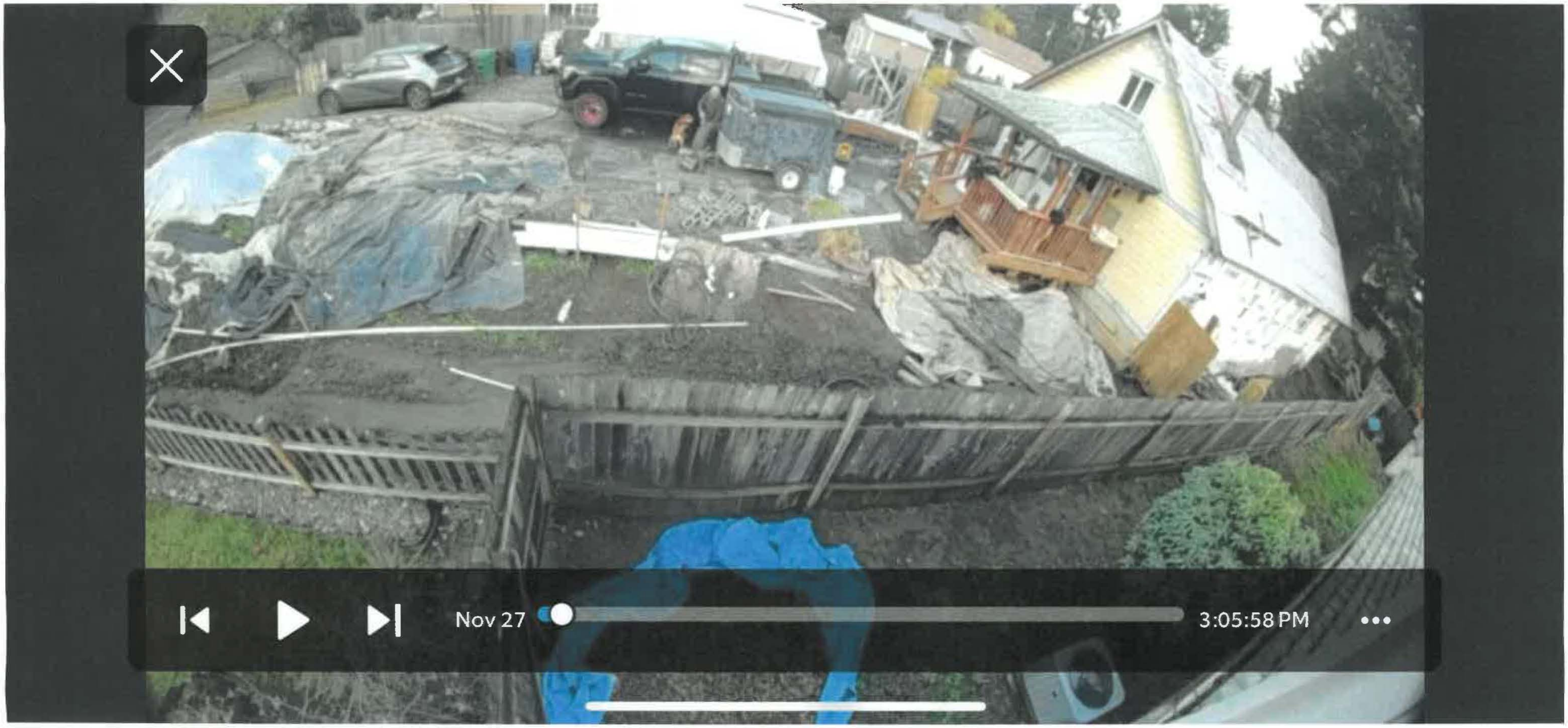
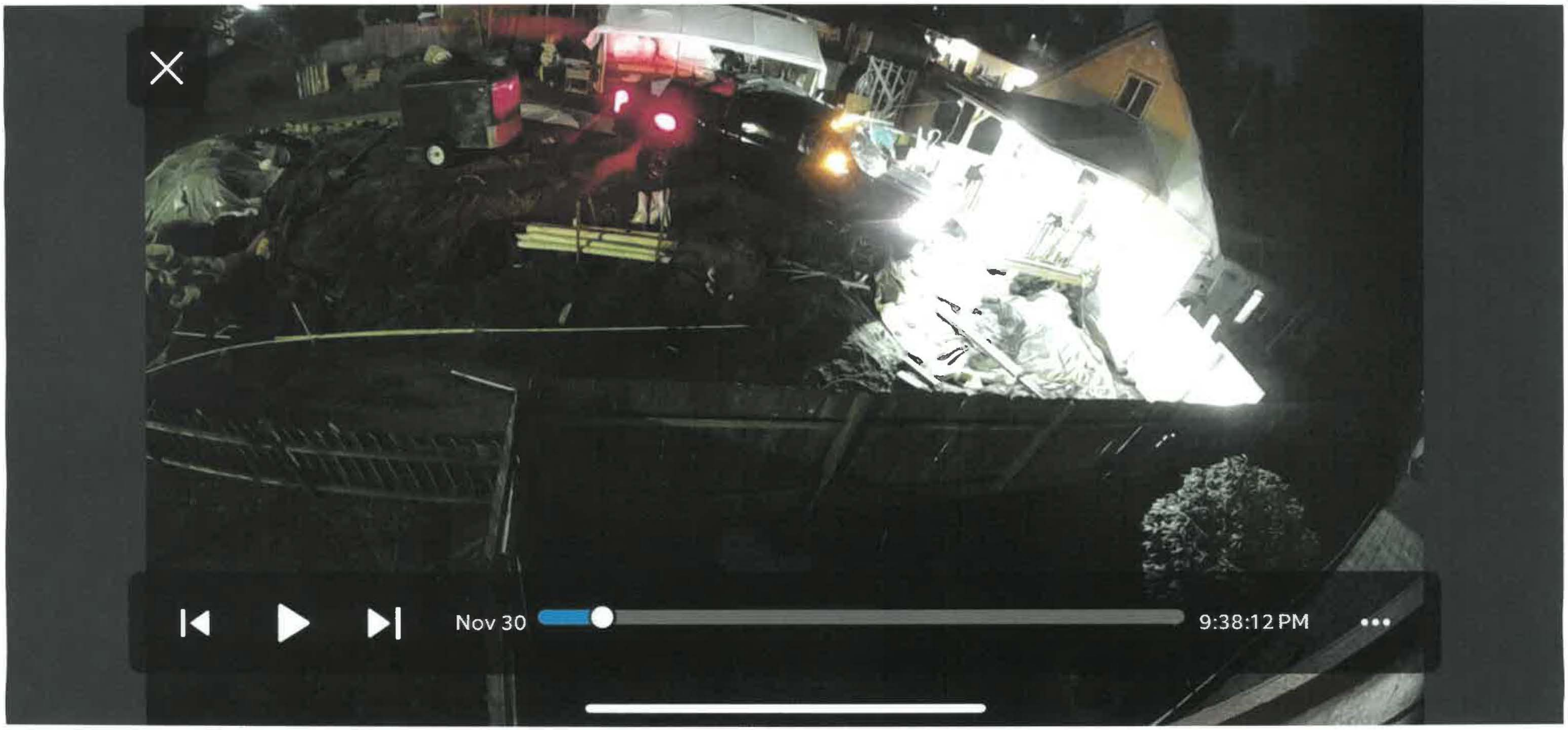
12/3/24


Nov 27
3:05:58 PM

Nov 28
5:11:33 AM


Nov 30
9:38:12 PM

RS Agenda Item 6

Consent Agenda

COUNCIL WORK SESSION

City Hall Council Chambers, 10501 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

MINUTES

NOVEMBER 5, 2024

Council Present: Councilors Will Anderson, Adam Khosroabadi, Rebecca Stavenjord, and Council President Robert Massey, and Mayor Lisa Batey

Staff Present:
Joseph Briglio, Acting Assistant City Manager
Justin Gericke, City Attorney
Dan Harris, Events & Emergency Management Coordinator
Katherine Hopkins, Human Resources Director
Vera Kolias, Senior Planner
Michael Osborne, Finance Director
Emma Sagor, City Manager
Scott Stauffer, City Recorder
Laura Weigel, Planning Manager

Mayor Batey called the meeting to order at 4:02 p.m., noted that it was election day, and that there was time to drop off ballots before the boxes closed.

1. Neighborhood Hubs Phase III – Discussion

Sagor explained the premise behind the discussion and how Councilor Anderson, as a Council policy lane leader, would be leading the discussion. **Councilor Anderson** launched the conversation noting what should be kept in mind when thinking and talking about the third phase of the hubs project.

Councilor Stavenjord arrived at the meeting at 4:10 p.m.

The group discussed ideas for marketing and promoting hubs that included informing community members about how their properties could be developed, facilitating conversations between community members and developers, and utilizing already available and collected data to guide community conversations in open houses. The group also discussed what community engagement staff had already conducted and using those previous connections to identify which hubs have three-to-four community members who want to advocate for moving development forward.

The group talked about and agreed to extend the use of construction excise tax (CET) funding beyond the urban renewal area (URA) for storefront improvements and to find ways to fund placemaking in the right-of-way (ROW).

The group discussed accessory commercial uses (ACUs), how including them could positively affect neighborhoods, and what the city's code currently allowed via temporary use permits. Instead of having staff move forward with a formal ACU proposal, the group agreed the best thing to try was stretching the existing home occupancy code.

The group discussed the feasibility of corridor development between hubs particularly around King Road and 32nd Avenue, noting the need to be intentional with plans for growth, while addressing concerns around displacement, higher density, and gentrification. Staff agreed to return with a high-level assessment of the scope of required work, the associated pros and cons, and how these plans could impact the community.

Councilor Anderson emphasized the need to integrate housing affordability and supply into the hub development strategy to attract business to the hubs. The group discussed the ongoing review of the code through the Housing Production Strategy (HPS) and considered how tools like land banking and land trusts could align with the hubs project. It was noted that Council would have upcoming meetings to explore these tools further. Additionally, due to current staff capacity, a comprehensive market analysis—necessary for assessing citywide density increases—would not be feasible at this time.

2. Houseless Services Update – Report (removed from the agenda)

3. Winter Events Preview and Events Update – Report

Harris reported on upcoming winter events and noted some exciting new changes to both the Umbrella Parade and Winter Solstice events which included collaborating with Bike Milwaukie to arrange a ride to the parade and bike decoration and a partnering with the North Clackamas Parks and Recreation District (NCPRD) to provide shuttle service across McLoughlin Boulevard for those with mobility issues. The group commented on the city's Arts Committee led event, Bing in the New Year.

Harris shared how community members interested in hosting events could apply for grants through the Milwaukie Community Events fund and noted business that have already taken advantage of the program.

Harris provided an update on Milwaukie Fest 2025 noting community partners, dates, and events. **Mayor Batey** noted other ideas for organization partnerships with the Milwaukie Parks Foundation and North Clackamas Watershed Council (NCWC).

Sagor shared an update on Bing in the New Year and the group discussed funding for the Arts Committee.

4. Adjourn

Mayor Batey announced that after the meeting Council would meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660 (2)(d) to conduct deliberations with persons designated by the governing body to carry on labor negotiations.

Mayor Batey adjourned the meeting at 5:46 p.m.

Respectfully submitted,

Nicole Madigan, Deputy City Recorder

CITY OF MILWAUKIE

2413th Meeting

COUNCIL REGULAR SESSION

MINUTES

City Hall Council Chambers, 10501 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

NOVEMBER 5, 2024

Council Present: Councilors Will Anderson, Adam Khosroabadi, Rebecca Stavenjord, and Council President Robert Massey, and Mayor Lisa Batey

Staff Present:

Joseph Briglio, Acting Assistant City Manager	Hector Gomez-Barrios, Associate Engineer
Jennifer Garbely, City Engineer	Emma Sagor, City Manager
Justin Gericke, City Attorney	Scott Stauffer, City Recorder

Mayor Batey called the meeting to order at 6:30 p.m.

1. CALL TO ORDER

A. Pledge of Allegiance.

B. Native Lands Acknowledgment.

2. ANNOUNCEMENTS

Mayor Batey remarked on the benefits of using leaves on the ground to help pollinators and announced upcoming activities including city leaf drop opportunities, work parties at Minthorn Springs Natural Area and Elk Rock Island, a library of things event at the Ledding Library, a city manager open door session, and the annual Thanksgiving edition of the Milwaukie Farmers Market.

Mayor Batey read an election-themed Haiku and noted that the Haiku reading practice may end in 2025. Council expressed support for maintaining the poem reading practice.

Mayor Batey thanked Council members for not actively campaigning during meetings.

3. PROCLAMATIONS AND AWARDS

A. Veterans Day – Proclamation

Council President Massey and **Councilor Khosroabadi** remarked on the importance of recognizing veterans. **Jerry Craig** with American Legion Post 180, **Nancy McCrary** and **Phyllis Hines** with the Susannah Lee Barlow Chapter of the Daughters of the American Revolution (DAR), and **Tina Kennedy** with Fort Kennedy commented on how their organizations worked to recognize and support veterans. **Mayor Batey** proclaimed November 11, 2024, to be Veterans Day.

4. SPECIAL REPORTS

A. None Scheduled.

5. COMMUNITY COMMENTS

Mayor Batey reviewed the comment procedures. **Sagor** noted there was no follow-up from the October 15 comments but reported correspondence received since the last meeting regarding questions about Main Street commercial parklets and enforcement of overnight camping rules. It was Council consensus to allow the Beer Store Milwaukie to maintain its parklet through the winter.

Shelley Hicks, Gresham, Oregon, resident, commented on a traffic citation that their son had received in 2020 and recent interactions with Milwaukie municipal court staff regarding the disposition of that citation.

6. CONSENT AGENDA

It was moved by Councilor Khosroabadi and seconded by Councilor Anderson to approve the Consent Agenda as presented.

A. City Council Meeting Minutes:
  1. **September 10, 2024, study session,**
  2. **September 17, 2024, work session,**
  3. **September 17, 2024, regular session,**
  4. **October 1, 2024, study session,**
  5. **October 1, 2024, work session, and**

B. Resolution 57-2024: A resolution of the City Council of the City of Milwaukie, Oregon, making appointments to city boards and commissions.

C. Resolution 58-2024: A resolution of the City Council of the City of Milwaukie, Oregon, authorizing a public improvement contract with Landis & Landis for construction of the Ardenwald North Improvements Project (CIP-2021-W61).

D. Resolution 59-2024: A resolution of the City Council of the City of Milwaukie, Oregon, authorizing an agreement with the United States Department of Transportation (USDOT) for the safety assessment of the Harrison Street corridor.

Motion passed with the following vote: Councilors Anderson, Khosroabadi, Massey, and Stavenjord and Mayor Batey voting "aye." [5:0]

7. BUSINESS ITEMS

A. Stormwater and Erosion Control Code Amendments Adoption – Ordinance (removed from the agenda, rescheduled to the November 19, 2024, regular session)

8. PUBLIC HEARING

A. Capital Improvement Plan (CIP) ~~Safe Access for Everyone (SAFE)~~ Projects Best Value Contracting (BVC) Authorization – Resolution (agenda title revised)

Call to Order: **Mayor Batey** called the public hearing on the proposed BVC method for certain SAFE projects, to order at 7:04 p.m.

Purpose: **Mayor Batey** announced that the purpose of the hearing was to receive the staff report, take public comment, and consider adopting a resolution to authorize BVC for certain SAFE projects.

Conflict of Interest: No Council member declared a conflict of interest.

Staff Presentation: **Garbely** and **Gomez-Barrios** explained the benefits of using BVC for CIP projects on Harvey Street, King Road, and 42nd Avenue. They noted traffic control changes and outreach that would be implemented during the projects.

Councilor Anderson and **Garbely** noted that city contractors are required to pay prevailing wages. They noted that the city did not know what health benefits contractors offered their employees and what pro-worker policies the city could implement.

Mayor Batey, **Garbely**, and **Gomez-Barrios** discussed the city's use of permeable pavement on CIP projects, where stormwater would be routed along 42nd Avenue, and plans to upgrade the traffic signal lights on King Road. They noted that the three projects listed in the resolution would not be contracted out at the same time.

Correspondence: No correspondence had been received.

Audience Testimony: No audience member wished to speak to Council.

Staff Response to Testimony: None.

Council Questions for Staff: None.

Close Public Testimony: **It was moved by Councilor Stavenjord and seconded by Councilor Khosroabadi to close the public comment part of the CIP BVC authorization hearing. Motion passed with the following vote: Councilors Anderson, Khosroabadi, Massey, and Stavenjord and Mayor Batey voting "aye." [5:0]**

Mayor Batey closed the public comment part of the hearing at 7:15 p.m.

Council Discussion: None.

Council Decision: **It was moved by Councilor Khosroabadi and seconded by Councilor Stavenjord to approve the resolution acting as the Local Contract Review Board, adopting findings and allowing the use of best value construction contracting for Safe Access for Everyone (SAFE) projects. Motion passed with the following vote: Councilors Anderson, Khosroabadi, Massey, and Stavenjord and Mayor Batey voting "aye." [5:0]**

Resolution 60-2024:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ACTING AS THE LOCAL CONTRACT REVIEW BOARD, ADOPTING FINDINGS AND ALLOWING THE USE OF BEST VALUE CONSTRUCTION CONTRACTING FOR SAFE ACCESS FOR EVERYONE (SAFE) PROJECTS.

Mayor Batey remarked on work by volunteers to spruce up bulb-outs in downtown to create pollinator pathways and suggested staff look for ways to protect the bulb-outs from being run over by vehicles.

9. COUNCIL REPORTS

Councilor Anderson reported on recent Clackamas County Coordinating Committee (C4) discussions about micro-transit services and enhancing the Sunrise Corridor.

Councilor Stavenjord remarked on a recent Business of Milwaukie event and the special screening of a film to benefit housing and social services in Clackamas County.

10. ADJOURNMENT

It was moved by Councilor Stavenjord and seconded by Councilor Khosroabadi to adjourn the Regular Session. Motion passed with the following vote: Councilors Abma, Khosroabadi, Massey, and Stavenjord and Mayor Batey voting "aye." [5:0]

Mayor Batey adjourned the meeting at 7:22 p.m.

Respectfully submitted,

Scott Stauffer, City Recorder

CITY OF MILWAUKIE

RS 6. B. 12/3/24
OCR USE ONLY

COUNCIL STAFF REPORT

To: Mayor and City Council
Emma Sagor, City Manager

Date Written: Nov. 19, 2024

Reviewed: Joseph Briglio, Assistant City Manager

From: Jennifer Garbely, City Engineer

Subject: **Additional Authorization for Meek Street Project North Phase (CIP 2016-Y11)**

ACTION REQUESTED

Council is asked to adopt a resolution approving additional authorization for the Meek Street Pipeline Installation North Phase Project ("Project") with Tapani Inc.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

The Project was included in both the 2004 and 2014 Stormwater System Plans.

July 5, 2016: Council authorized an engineering agreement with AKS Engineering and Forestry, LLC, for design and construction services related to the Meek Street Storm System Improvements. Those services included design of the storm system alignment and property acquisition requirements for the completed project in addition to other tasks. The contract also provided for the appraisal of the properties to be acquired and the negotiation of settlements regarding the acquisition requirements.

January 7, 2020: Council authorized the acquisition of property on Oak Street from Union Pacific Railroad (UPRR) Company for the first phase (South Phase) of the Project.

March 3, 2020: Council authorized a contract with Tapani Inc. to construct the South Phase of the Project. The South Phase was completed in late 2020.

June 7, 2022: The project was included in the fiscal years (FYs) 2023-2028 Capital Improvement Plan (CIP) for construction in FY 2024 and the adopted FY 2023-2024 Biennium Budget for the stormwater fund.

March 21, 2023: Council authorized the acquisition of property on Balfour Street and pipeline easements from UPRR for the second phase of the Project (North Phase).

July 18, 2023: Council adopted resolution 35-2023 authorizing a contract with Tapani Inc. to construct the North Phase of the Project for an amount not to exceed $4,112,478.

June 4, 2024: The Project is included in the FY 2025-2030 CIP for construction in FY 2025 and the adopted FY 2025-2026 Biennium Budget in the stormwater fund.

ANALYSIS

The Meek Street Storm System Improvements Project was included in both the 2004 and 2014 Stormwater System Plans to alleviate overcapacity and flooding in the Harrison Street stormwater system and provide needed storm drainage service for the recently developed Seven Acres Apartments at 37th Avenue and Monroe Street. The Project diverts stormwater from the Harrison Street system, mitigates peak flows by routing stormwater through two new detention ponds, and discharges flow at the existing Roswell Pond Open Space and, ultimately, into Johnson Creek. Development of the Seven Acres Apartments was contingent on the city providing a connection to the city stormwater system because there is no existing stormwater connection point and on-site infiltration was prohibited by the Oregon Department of Environmental Quality (DEQ).

The Project consists of a North Phase and South Phase. The South Phase was completed in 2020 and included construction of a storm drainage mainline from 37th Avenue and Monroe Street to Meek Street, a detention pond at Oak Street and Railroad Avenue, and a temporary connection to the Harrison Street storm drain system.

The North Phase of the Project includes approximately 3,850 liner feet of storm drainage mainline from Meek Street to the Roswell Detention Facility along the east side of the UPRR corridor, and an approximate 25,000 square foot detention facility at SE Balfour St. The section of pipeline on railroad right-a-way has been delayed over six months as the contractor required a different set of work plans from the railroad than what were originally bid for the Project. The new work plans require a different construction method and have added an additional six months of construction time to the Project. The cost of required railroad flaggers has more than doubled from what staff estimated. As a result of these required Project changes, staff is now requesting an additional authorization of $2,000,000, up to $6,112,478.

BUDGET IMPACT

The proposed additional authorization is a worst-case scenario estimated at $2,000.000. The additional authorization will impact the FY 2025-2026 Stormwater Fund by pulling funding from other planned stormwater projects to help complete Meek Street. Staff has identified the following funding options to support this increased project authorization:

- Staff has received favorable bids on other projects and foresees stormwater project savings that can be applied to the Project;
- CIP funding for the stormwater capital maintenance program and fund mitigation grant match funds, may also be assigned to this Project to help offset the additional authorization needed;
- Monroe Greenway project includes stormwater funds in FY 2026 totaling $636,000 for construction. The greenway project's current schedule has Oregon Department of Transportation (ODOT) going out to bid in January 2026, which means a contractor would not be under contract until FY 2027 and, therefore, these funds could be reconsidered in the next CIP; and
- As a last resort, the King Road Improvement project could be delayed or split into two phases in order to use a portion of those stormwater funds.

WORKLOAD IMPACT

This Project is in the FY 2025 -2026 budget. Construction is now anticipated to be completed by May 2025.

CLIMATE IMPACT

The Project supports the development of the Seven Acres Apartments and Hillside, which included street and sidewalk improvements, and reclaims riparian areas for flood storage, as recommended in the mitigation strategies for land use and transportation planning in the city's Climate Action Plan (CAP).

EQUITY IMPACT

Engineering projects help bring equity and accessibility to the community. The Meek Street Pipeline Installation will alleviate overcapacity in the Harrison Street stormwater system. Stormwater projects reduce the overall risk of flooding in the Harrison corridor, which will improve safety and access to quality services for residents.

COORDINATION, CONCURRENCE, OR DISSENT

Managers from engineering, public works, and finance reviewed the additional authorization.

STAFF RECOMMENDATION

Staff recommends the additional authorization for the Meek Street Pipeline Installation North Phase Project to Tapani Inc., with an additional project authorization of $2,000,000.

ALTERNATIVES

Council could choose to:

1. Approve the increased authorization of $2,000,000;
2. Approve a lesser amount of increased authorization. This alternative would likely result in staff returning to Council for additional authorization; or
3. Reject the increased authorization and complete the project up to the current authorization amount. This alternative would result in an incomplete project.…

ATTACHMENTS

1. Resolution

CITY OF MILWAUKIE

Attachment 6. B. 1.

COUNCIL RESOLUTION No.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ACTING AS THE LOCAL CONTRACT REVIEW BOARD, AUTHORIZING AN INCREASE IN THE PROJECT AUTHORIZATION FOR A PUBLIC IMPROVEMENT CONTRACT WITH TAPANI INC. FOR THE MEEK STREET PIPE INSTALLATION NORTH PHASE (CIP-2016-Y11).

WHEREAS Council approved Resolution 35-2023, which awarded a contract to Tapani Inc. for construction of the Meek Street Pipe Installation North Phase up to $4,112,478, and

WHEREAS construction of the pipeline within the railroad right-of-way has been delayed due to the contractor requiring a revised set of work plans, and

WHEREAS additional funds are now required to complete the Project due to delays associated with this additional work and overall increased costs associated with the Project, and

WHEREAS the current project authorization amount previously approved by Council must be increased to reflect the additional funding needed to complete the Project.

Now, Therefore, be it resolved by the City Council of the City of Milwaukie, Oregon, acting as the Local Contract Review Board, that the project authorization amount for the construction of Meek Street Pipe Installation North Phase with Tapani Inc. be increased by $2,000,000 and that the city manager, city engineer, or assistant city engineer is authorized to administer the project in accordance with the public improvement contract in the amount not to exceed $6,112,478.00.

Introduced and adopted by the City Council on **December 3, 2024**.

This resolution is effective immediately.

Lisa M. Batey, Mayor

ATTEST:

APPROVED AS TO FORM:

Scott S. Stauffer, City Recorder

Justin D. Gericke, City Attorney

RS Agenda Item 7

Business Items

CITY OF MILWAUKIE

RS 7. A.
12/3/24

OCR USE ONLY

COUNCIL STAFF REPORT

To: Mayor and City Council
Emma Sagor, City Manager

Date Written: Nov. 8, 2024

Reviewed: Jennifer Garbely, City Engineer

From: Tanya Battye, Civil Engineer

Subject: **Washington-Monroe Greenway Update**

ACTION REQUESTED

This presentation is for informational purposes. No action is requested.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

July 6, 2010: The city pursued a grant to construct a "bike boulevard" along Monroe Street from 21st Avenue to Linwood Avenue.

June 4, 2013: City staff applied for grant funding for the design of the Monroe Street Bicycle Boulevard/Neighborhood Greenway.

June 17, 2014: An intergovernmental agreement (IGA) with the State of Oregon to prepare a Monroe Street Neighborhood Greenway Concept Plan was signed.

December 1, 2015: The Concept Plan for the Monroe Street Neighborhood Greenway was adopted.

August 16, 2016: City staff applied for grant funding through the Metro Regional Flexible Fund Allocation (RFFA) program.

February 6, 2018: The city and Clackamas County performed traffic analysis for the impact of the proposed Monroe Street Greenway.

June 5, 2018: The Washington Street alignment was adopted by Council.

October 20, 2020: A development agreement for Monroe Apartments (Seven Acres Apartments) was executed contingent on the developer completing a portion of the Monroe Greenway.

June 21, 2022: An IGA between the city and the Oregon Department of Transportation (ODOT) was executed for the delivery of the Monroe Greenway project (Washington alignment between 37th Avenue and Linwood Avenue). ODOT has contracted with a design firm to execute final design and construction of the Washington-Monroe Greenway between 37th Avenue and Linwood Avenue. As of November 2024, the design consultant has reached approximately 60 percent design.

February 29, 2024: Multi-project open house for ODOT's Hwy 224: 17th Avenue to Rusk Road; Milwaukie's Washington-Monroe Street Greenway; Milwaukie's Transportation System Plan (TSP) Update; and Milwaukie's Kellogg Creek.

September 12, 2024: Open house for Washington-Monroe Street Greenway. Project plans posted to Engage Milwaukie for community feedback through September 20, 2024.

October 11, 2024: City staff applied for RFFA reallocation funding made available to select projects impacted by inflation. Reallocation funding awards are expected to be announced in early 2025.

ANALYSIS

The Washington-Monroe Street Greenway has been in and out of the public eye for over a decade. As the design process progresses, adjustments have been made to the original concept plan as additional information is gathered.

Most recently, city staff sought public input on the latest project designs and general feedback about the project via an Engage Milwaukie page and public open house in September 2024. A detailed summary of this engagement and responses to questions asked can be found online here. Design changes implemented after the September 2024 open house include:

- Added curb paint on bumpouts
- Relocated stormwater facilities
- Narrowed some sidewalks
- Changes to signage

Future Engagement

Looking forward, the project is entering a phase of final design refinement and specific engagement with impacted residents along the route.

An engagement plan for this phase of the project was developed and published to the Engage Milwaukie page and to the Engineering project page (See attachment 1). Most members of the public will be engaged at the "inform" level during this phase; people who live, own property or own a business along the route will be engaged at the "consult" level during this phase.

Some tools we will use for engagement in this phase include the following:

- The "Questions?" feature of the webpage remains active for residents to ask general questions about the project, or specific questions about impacts to their property. The page is monitored for questions, and updated as new information becomes available.
- Individuals who signed up for email updates at the open houses, through the website, or via personal email request have been added to a consolidated email list that receives email updates at least quarterly.
- Neighborhood District Association (NDA) chairs are also updated periodically.

After the design is finalized and the project is nearing construction, city staff plan to host an informational open house to inform community members of the impacts and duration of construction.

Greenway Alignment

Traffic conditions have changed along the route following construction and occupancy of the Seven Acres apartment complex, and the rise of full- and part-time work from home employer policies. A draft traffic study compiling data collected in 2023 and 2024 has been provided to city staff for review. The draft traffic study confirms the vehicle counts on Washington Street (< 500 vehicle trips per day) between 37th Avenue and Garrett Avenue are still favorable for the selected greenway route. The draft traffic study is expected to be finalized in spring 2025 and will be posted to the Engage Milwaukie and engineering project pages at that time.

Decreased Parking

Community members have reported an increase in the number of vehicles parking on Washington following construction of the apartment complex. Milwaukie code enforcement has reported these complaints to the apartment complex. The Washington-Monroe Greenway will maintain the existing conditions between 37th Avenue and 40th Avenue, a 27.5-feet wide street that accommodates parking on one side of the road but does not have parking signage.

Between 40th Avenue and 42nd Avenue, new sidewalks will be added, and the street will be narrowed from 23.6 feet to 20 feet to accommodate existing trees in the right of way. This section of the route does not currently meet city of Milwaukie public works standards for street parking (minimum 26 feet for two-way travel and one-sided street parking). No parking signs will be added to the route between 40th Avenue and 42nd Avenue to ensure adequate travel space for school buses and emergency vehicles.

East of 42nd Avenue, there will be added sidewalks on the north and south sides of the street to infill existing gaps, and the road will narrow from 35.7 feet to 30 feet in these areas. Our public works standards indicate that for a neighborhood street (such as Washington Street) travel lanes should be 10 feet, and parking lanes should be 6 feet. Following completion of the project, the impacted portion of Washington Street east of 42nd Avenue will be reduced from parking on two sides of the street to one side of the street.

Tree Removal

Community members have concerns about the removal of trees currently located in the right of way. City staff have worked with the design consultant to weave the sidewalk around the trees along the route. No trees are anticipated to be removed because of this project.

BUDGET IMPACT

The Monroe Greenway project will increase the city's budget by adding city assets to maintain. These budgetary impacts are expected to be minor, and include striping, markings, signage, and bioswales. The project is within the 2025-2026 Biennial budget for design and construction.

CLIMATE IMPACT

The Monroe Greenway project aligns with the city's goal to reduce greenhouse gas emissions and increase opportunities for active transportation and multi-modal transportation. The project will provide a safer route for those walking, rolling, or cycling between 37th Avenue and Linwood Avenue, and is a critical part of the larger greenway which connects the Trolley trail downtown to the multiuse paths at I-205.

The preservation of mature street trees maximizes the benefits that trees provide. Some of the benefits include sequestering carbon, improve air quality, and manage stormwater runoff, and provide cooler temperatures of up to 6 to 10 degrees Fahrenheit according to the United States Forest Service (USFS) Center for Urban Forest Research.

EQUITY IMPACT

The Monroe Greenway project will improve physical access across the city by reducing pedestrian and cyclist stress levels, updating current facilities for Americans with Disabilities Act (ADA) compliance, and connect sidewalk gaps along the route. The larger Monroe Greenway will ultimately connect the trolley trail and downtown Milwaukie to the multiuse paths at Linwood Avenue and beyond to the multiuse paths at I-205. Homewood and Wichita parks are located along the route.

WORKLOAD IMPACT
There are no impacts to engineering staff workload to complete the project. The Washington-Monroe Greenway project will increase the city's workload by adding city assets to maintain. These impacts are expected to be minor and include bioswale and planting strip maintenance.

COORDINATION, CONCURRENCE, OR DISSENT
The city is coordinating with Clackamas County and ODOT for delivery of the Monroe Greenway project. The county will construct portions of the greenway east of Linwood Avenue, beyond city limits, as early as this summer. ODOT is providing delivery of this segment of the project as a certified agency to deliver federal funding and is constructing the diverters and signal upgrades at the intersection of Monroe Street and Hwy 224 as part of the larger greenway project. Engineering staff coordinates with public works, community development, finance, and the city manager's office to ensure interdepartmental coordination.

STAFF RECOMMENDATION
This report is informational only.

ALTERNATIVES
None.

ATTACHMENTS
1. Engagement Plan

CITY OF MILWAUKIE

Monroe Street Greenway - Engagement Outlook
East Segment (Oct. 2024 - Summer 2027)

What is a greenway? Greenways are low-volume, low-speed streets that provide safe routes for all users including motorists, pedestrians, and cyclists. They include improvements that reduce vehicle speeds, which makes them safer, while also reducing cut-through traffic.

Where does this greenway go? The greenway, in its entirety, will run from the Trolley Trail at Milwaukie Bay Park through downtown Milwaukie to the multi-use paths along Linwood Ave. Clackamas County will extend the greenway from Linwood Ave. to Fuller Rd.

What portion of the greenway does this focus on? This outlook focuses on a 1.25 mile stretch along SE Washington St., SE Garrett Dr., and SE Monroe St. called the "East Segment.". The city will design and build the central and downtown segments in the coming years.

Who is this for? Anyone that would like to engage with the city moving forward on the east segment of the greenway.

Any community member that would like to engage on the project will be **informed** with objective information. Tools include the Pilot newsletter, city website, Engage Milwaukie, and quarterly email updates to those subscribed.

Community members who live, own property or a business along the route will be **consulted.** The city will listen to and acknowledge concerns and **consult** with those along the route to develop solutions to issues that arise. All of the tools above will be used along with direct contact by email, telephone, door hangers, and/or by mail.

East Segment Project Roadmap – **Engagement opportunities** highlighted in **Bing Cherry Red**! Links to online resources at bottom of next page.

Open House - Feb. 29, 2024 – Included Monroe Street Greenway, Milwaukie Transportation System Plan: 2023-25 Update, and ODOT's 224: SE 17th Ave. To SE Rusk Rd. Improvement Project.

- Open House responses reviewed and posted – Feb./Mar. 2024

Open House - Sep. 12, 2024 - Public comments accepted through Sep. 20, 2024.

- Open House responses reviewed and posted – Oct. 2024

Update to City Council – Tue., Dec. 3, 2024 (6:30 p.m.)

- City Council Regular Session meetings include **Community Comments**. **Written comments** are also accepted in writing, by mail, or email (ocr@milwaukieoregon.gov), or in person to city staff.
- Learn more at www.milwaukieoregon.gov/citycouncil/city-council-regular-session-384.

Consultation with those who live, own property or own a business along the route – Oct. 2024 through Oct. 2025

- Design team will consult homeowners with difficult or unusual driveways that will need to be accommodated and homeowners where temporary construction easements are required.
- Includes email, telephone, door hangers, and/or mailers.

Quarterly Email Updates – Nov. 2024 to construction bid opening (Estimated as Summer 2026)

- Use "Stay Informed" subscription tool on Engage Milwaukie to sign up or reach out to project manager at contact information below.
- Check the project page on the city website or the Engage Milwaukie page.

Construction - Summer 2026 through 2027

- **Open House prior to construction** – Date to be determined
- Included in Pilot, on the city website, and the city's social media channels.
- Use "Stay Informed" subscription tool on Engage Milwaukie to sign up to receive updates or reach out to project manager at contact information below.

Important Links:

- **Engage Milwaukie** – engage.milwaukieoregon.gov
- Project Page – milwaukieoregon.gov/projects
- Facebook – facebook.com/cityofmilwaukie
- Instagram – instagram.com/cityofmilwaukie

Who's Listening?

Tanya Battye, PE – Project Manager
Civil Engineer – City of Milwaukie
503.786.7541 / battyet@milwaukieoregon.gov

RS 7. A. 12/4/24
Presentation

Washington-Monroe Greenway

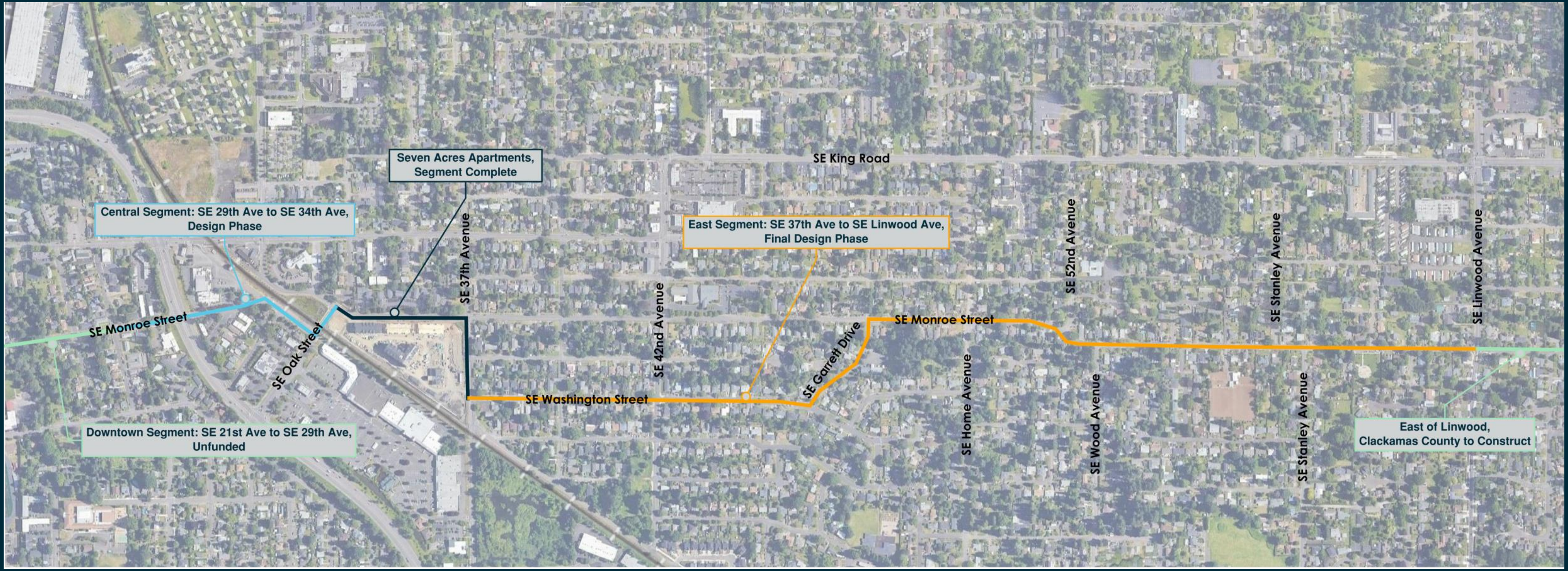
December 3, 2024

Tanya Battye, Jennifer Garbely

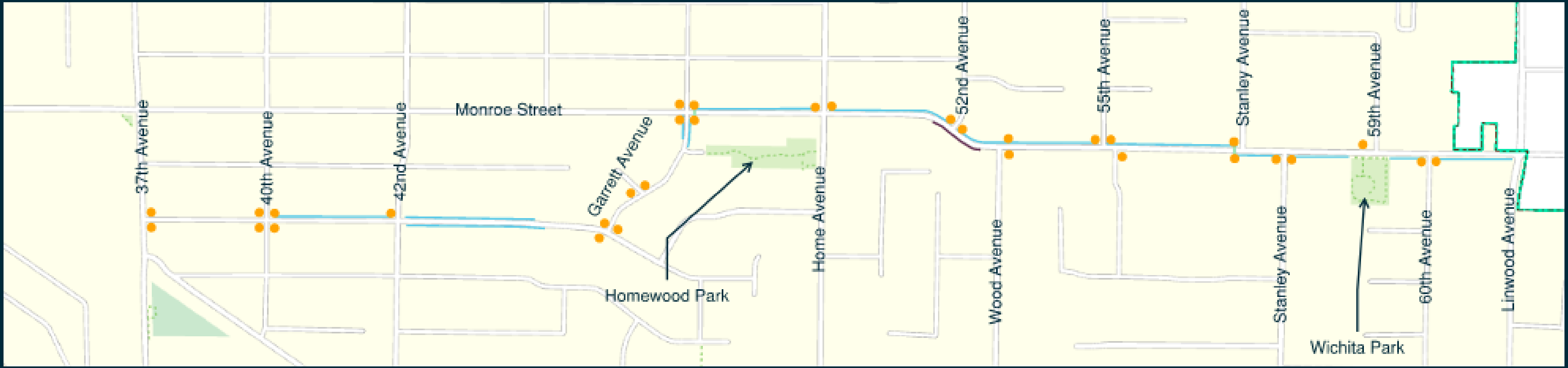
OVERVIEW

1. Project Overview
2. Public Feedback
3. Public Engagement
4. Funding
5. Schedule

MONROE GREENWAY OVERVIEW



WASHINGTON-MONROE OVERVIEW



Legend

- New or improved ADA Curb Ramp
- New Sidewalk
- Road Realignment
- Raised Crosswalk

PUBLIC FEEDBACK

Tree removal/Impacts to private property

- We are not removing any trees!
- All work in street right-of-way
- Temporary construction easements
- Move Monroe Street curve south

Placemaking/Street markings

- Green striping and sharrows
- Wayfinding signage
- Diverters
- Traffic calming
- Bulbout reflectors

PUBLIC FEEDBACK

Parking

- More cars on Washington Street after Seven Acres development
- One-sided on portion of Washington Street, and on Monroe Street
- No changes on Garrett Street

PUBLIC ENGAGEMENT

Inform Community Members

- Quarterly email notifications through mailing list and Engage Milwaukie page
- Response to individual emails
- Construction Open House
- Updated website to Engage Milwaukie

Consult Homeowners

- Temporary Construction Easements
- Property access
- Mailers and outreach
- Engage Milwaukie webpage

FUNDING AND SCHEDULE

Funding

- Reduced Scope
- Regional Flexible Fund Allocation (RFFA) Reallocation Grant

Schedule

- Additional Funding (March 2025)
- Final Design (December 2025)
- Bid Project (January 2026)
- Construction (Summer 2026)

Monroe St.
GREENWAY

QUESTIONS OR COMMENTS?

CITY OF MILWAUKIE
CITY COUNCIL

10722 SE Main Street
P) 503-786-7502
F) 503-653-2444
ocr@milwaukieoregon.gov

Speaker Card

The City of Milwaukie encourages all residents to express their views to their city leaders in a **respectful** and **appropriate** manner. If you wish to speak before the City Council, fill out this card and hand it to the City Recorder. Note that this Speaker Card, once submitted to the City Recorder, becomes part of the public record.

Name: BERNIE STOUT

Organization:

Address:
Phone:
Email:

Meeting Date: ______________ **Topic:** MONROE ST GREENWAY

Agenda Item You Wish to Speak to:

☐ #5 Community Comments
Note: Council generally does not respond to comments during this meeting. The city manager will respond to comments at the next regular session.

☐ #7 Other Business, Topic: ______________

☐ #8 Public Hearing, Topic: ______________

You are Speaking…

☐ in Support
☐ in Opposition
☐ from a Neutral Position
☐ to ask a Question

Comments:

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Name: DENNIS TARA

Organization:

Address: 3711 SE Monroe

Phone: 503-341-3052

Email: mil

Meeting Date: 12/3

Topic: Monroe Walk Ceremony

Agenda Item You Wish to Speak to:

- [x] #5 Community Comments

Note: Council generally does not respond to comments during this meeting. The city manager will respond to comments at the next regular session.

- [ ] #7 Other Business, Topic:
- [ ] #8 Public Hearing, Topic:

You are Speaking...

- [ ] in Support
- [ ] in Opposition
- [ ] from a Neutral Position
- [x] to ask a Question

Comments:

CITY OF MILWAUKIE
CITY COUNCIL

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Name: Karen

Organization:

Address: 4412 SE Washington St.
Phone:
Email:

Meeting Date: Dec. 3, 2024 **Topic:** Greenway

Agenda Item You Wish to Speak to:

- ☐ #5 Community Comments

Note: Council generally does not respond to comments during this meeting. The city manager will respond to comments at the next regular session.

- ☐ #7 Other Business, Topic: ______
- ☐ #8 Public Hearing, Topic: ______

You are Speaking...

- ☐ in Support
- ☑ in Opposition
- ☐ from a Neutral Position
- ☑ to ask a Question

Comments:

RS Agenda Item 8

Public Hearings

CITY OF MILWAUKIE

RS 8. A. **12/3/24**
OCR USE ONLY

COUNCIL STAFF REPORT

To: Mayor and City Council
Emma Sagor, City Manager

Date Written: Nov. 20, 2024

Reviewed: Joseph Briglio, Assistant City Manager, and
Scott Stauffer, City Recorder & Administrative Services Director

From: Michael Osborne, Finance Director

Subject: **Quarterly Fee Schedule Update**

ACTION REQUESTED

Council is asked to approve a resolution adopting a decrease in the quarterly downtown parking permit fee.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

June 4, 2024: Council approved the proposed fiscal year (FY) 2025-2026 Consolidated Fee Schedule.

ANALYSIS

Staff requests that Council reduce the fee on quarterly downtown parking passes from $275.00 to $150.00.

The city was approached by Reliable Credit earlier this year regarding the possibility of bulk purchase discount on parking permits due to its staff returning to work in their office building on Main Street. Some Due to the cost of the quarterly parking pass, Reliable Credit staff had been using two-hour street parking spots rather than purchasing permits. Reliable Credit has in the past explored the idea of converting the storefronts they own on Main Street into a private parking lot.

Staff approved a reduced rate in June 2024. This reduction is within the city manager's authority as per the fee schedule and staff felt this was an opportunity to see what impact the price reduction would have on demand. Staff also felt the bulk rate reduction was a more appropriate solution than encouraging development of private parking spaces in downtown. Staff had intended to offer this rate to all businesses who purchase quarterly parking permits, however, due to internal miscommunication, this rate reduction has only been offered to Reliable Credit. It is staff's intention to offer a quarterly rate reduction to other businesses as well. Dark Horse Comics and Sunshine Early Learning Center (SELC) are two downtown employers who purchase quarterly permits and would receive the reduced rate. Should Council approve the proposed fee reduction, staff will retroactively discount the quarterly parking permit price for Dark Horse and SELC in January when they are expected to next purchase quarterly passes to make up for the cost difference which was previously given to Reliable Credit earlier in 2024.

Since this reduced rate was partially implemented to Reliable Credit, we have observed an increase in demand for quarterly parking permits (shown in the graph below) as well as a small increase in overall revenue.

Quarter	Q1 2024 (January – March)	Q2 2024 (April – June)	Q3 2024 (July – September)	Q4 2024 (October to present)
# of monthly parking permits Sold	17	32	48	50

With recently approved traffic regulations that will see permit parking allowed in more spaces around downtown, staff recommend implementing this reduction within the fee schedule for clearer communication with customers. Staff will continue monitoring demand and revenue data and prepare a longer-term recommendation for Council to consider as part of the comprehensive fee schedule review being conducted through the Financial Stability Strategy.

BUDGET IMPACT

Staff believe this will be a net positive and an increase in overall parking revenue for the city given the data reported above.

CLIMATE IMPACT

Theoretically, reduced parking rates may encourage additional vehicle trips to downtown while discouraging the use of other more sustainable modes such as, public transit or active transportation. This could result in an increase greenhouse gas emission, which would not be aligned with the city's climate action plan. Consideration for a reduced parking rate came at the request of the local business community who has struggled since the COVID-19 pandemic. Due to the volume of underutilized parking spaces, businesses requested a reduced rate to assist them in meeting the needs of their employees. Staff considered this to be a reasonable request and will consider readjusting the fee (increasing) in the future, if necessary. It is likely that the city will have more parking demand in the coming years and should consider a demand management program for adjusting rates to help generate revenue, as well as align with the climate action plan.

EQUITY IMPACT

With a lowered price point, staff expect more use of the quarterly parking fee by local businesses purchasing the pass for their staff instead of having employees park in two-hour on-street parking. This parking shift would help businesses and their employees by providing adequate parking for employees working a full eight-hour shift.

WORKLOAD IMPACT

The proposed fee change would have a minimal impact on the city hall administrative team's workload.

COORDINATION, CONCURRENCE, OR DISSENT

Staff worked with the city's code enforcement, finance, community development, city recorder, and planning departments to discuss what the impacts of the reduced fee would be and the benefits to downtown.

STAFF RECOMMENDATION

Staff recommend that Council reduce the quarterly parking permit fee to $150.00.

ALTERNATIVES

Council could decide to keep the rate at the current fee of $275.00.

ATTACHMENTS

1. Resolution – Update to FY 2025-26 Fee Schedule
2. Updated FY 2025-26 Fee Schedule

CITY OF MILWAUKIE

Attachment 8. A. 1.

COUNCIL RESOLUTION No.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, REVISING SECTION 4 OF THE FEE SCHEDULE FOR DOWNTOWN PARKING.

WHEREAS the Consolidated Fees and Charges were adopted as part of the fiscal year (FY) 2025 and FY 2026 budget process; and

WHEREAS Council adopted the fiscal year (FY) 2025 and FY 2026 Consolidated Fee Schedule on June 4, 2024; and

WHEREAS revisions to the downtown parking fees are necessary to encourage increased participation in the city's downtown parking permit program.

Now, Therefore, be it Resolved by the City Council of the City of Milwaukie, Oregon, that the portions of Section 4 of the Fee Schedule are updated as follows:

Parking Permit Fees:
Quarterly Parking Permit Fees decrease from $275.00 to $150.00

Introduced and adopted by the City Council on **December 3, 2024**.

This resolution is effective on **immediately**.

Lisa M. Batey, Mayor

ATTEST:

APPROVED AS TO FORM:

Scott S. Stauffer, City Recorder

Justin D. Gericke, City Attorney

4. DOWNTOWN PARKING

Downtown employees can purchase a permit for designated permit spaces. Customers and visitors to downtown Milwaukie can use the short-term parking spaces.

Parking Permit Fees[1]	Fiscal Year 2025 Fee	Fiscal Year 2026 Fee
Daily	$7.00	$7.00
Monthly	$100.00	$100.00
Quarterly	$150.00	$150.00
Discount for Bulk Pass Purchase (>10)[2]	10%	10%
Replacement Pass (each)	$7.00	$7.00
Parking Variance Fee[3]	$40.00	$40.00

Downtown Parklet Use Fees

Downtown parklets are reviewed through Engineering. Additionally, Parklets incur a use fee for the parking spaces which are due upon application approval.

Engineering Fees	Fiscal Year 2025 Fee	Fiscal Year 2026 Fee
New parklet application fee	$150.00	$150.00
New parklet right-of-way fee	$150.00	$150.00
Parklet renewal application fee	$50.00	$50.00
Parklet renewal right-of-way fee	$95.00	$95.00
Parklet plan review	$150.00	$150.00
Monthly Use Fee Per Parking Space		
Private seasonal platform	$20.00	$20.00
Hybrid parklet (25% discount from private)	$15.00	$15.00
Public parklet	No fee for parking space use	
Additional incurred costs (if applicable)	TBD based on location	
Signage for public and hybrid parklets	$95.00	$95.00

[1] For parking fines refer to Section 9.

[2] Does not apply to daily permits.

[3] Parking variance is subject to City approval for events and/or construction parking. Fee is charged per parking space and would be issued for no longer than a two-week period.

RS 8. A. 12/3/24 Presentation

RS 8. A. 12/3/24
Correspondence

From:	The Business of Milwaukie
To:	Scott Stauffer
Subject:	For Council Meeting on December 3rd
Date:	Monday, December 2, 2024 2:10:33 PM
Attachments:	Outlook-u0pohfgx.png

This Message originated outside your organization.

Scott,
I hope this email finds you well. I have a conflict tomorrow evening that keeps me from attending/speaking at the city council meeting.
I would however like to include a couple talking points for discussion regarding parking fees.

Part-time employees:
The cost of parking permits can be prohibitive for part-time employees.
The idea of *shared parking permits* would be helpful in taking an additional layer of cars out of the 2 hour "commerce" spaces/car shuffle, and into the lots.
It has been a few years, but as I recall the equipment/software that was purchased for managing the parking has the capability of managing a split permit.
Split permits could potentially be managed by the business themselves as a permit can only be present in one vehicle at a time.
(Perhaps a fee for a reprint if someone goes home with the permit accidentally)
It is an opportunity to remove another barrier and to encourage folks working in downtown to park off the street

Scott, I would appreciate if this could be shared with city council.

Cheers!
Kelli
The Business of Milwaukie
"Your Third Place"
@thebusinessofmilwauke

PUBLIC HEARING ATTENDANCE SIGN-UP SHEET

If you wish to have appeal standing and/or to be on the mailing list for Council information from tonight's hearing, please sign-in below.

12/3/2024 | RS 8. A. Quarterly Fee Schedule Revisions – Resolution

Land Use File No. (none)

NAME	ADDRESS	PHONE	EMAIL

RS Agenda Item 9

Council Reports

RS 9. B. 12/3/24
Presentation

City Council
2025 Goal Setting

Update | December 3, 2024

Outcomes from Mini-Retreat

- Agreed to identify **up to 3** new goals starting in 2025
  - Gather public feedback via:
    - *Engage Milwaukie* survey from mid-December through mid-January
    - Townhall on January 7

- Agreed **goal parameters**:
  - Clear deliverables for both Council and staff
  - Achievable within the timeframe

- Agreed goal **process updates**:
  - Develop performance metrics at time of adoption
  - Develop template for consistent tracking of goal progress

- Agreed to get on a **timeline that better aligns with budget process**
  - Some goals might be 1-year; some might be 3-year → explore further at full retreat

Developing Value-Driven Goals

Equity
- Who will benefit? Who will be burdened?
- Will this goal reduce disparities?
- Who will have a seat at the table?

Accountability
- How will we track and report progress? How will success be measured?

Sustainability
- How does this goal prepare us to be adaptable to climate change?
- Does this goal impact local greenhouse gas emissions?

Efficiency
- How are we resourcing this goal? Is it a good return on investment?

Accessibility
- How will this goal make it easier for people to get involved with the city?
- How do we ensure information produced is easy to find and understand?

Collaboration
- Who are we working with to deliver this goal?
- How can we build capacity and skills through this work?

DRAFT goal ideas and example deliverables

Goal idea	*Example deliverables*
Promote economic development across the city	• Code changes to reduce barriers to economic development • Neighborhood hub marketing strategy • Small business incubator and training program • Industrial area investment strategy
Improve transportation safety on Milwaukie streets	• Citywide greenway investment plan • Speed/red light camera program • Safety-supporting revenue strategies • McLoughlin/224 crossing strategy
Enhance community affordability	• Affordable housing development on Sparrow site • Land banking strategy for affordable housing • Tree-bate/water use reduction rebate programs • CET-funded downpayment assistance program
Ensure ability to develop priority park projects	• Completed Milwaukie Bay Park • Parks asset replacement and funding strategy • Parks-supporting revenue strategies • Decision re: relationship with NCPRD
Develop strategy for proactive land annexation	• Clarified annexation toolbox • Renegotiated UGMA • State and regional advocacy for great annexation authority • Marketing collateral to encourage annexation

DRAFT goal ideas and example deliverables, ctd.

Goal idea	*Example deliverables*
Improve community preparedness for emergencies	• Enhanced partnership with CERT – regular drills and tabletop exercises • Increased community education and outreach events • Powerline undergrounding advocacy strategy
Help Milwaukians most in need	• Increased partnership with Clackamas County Health, Housing, and Human Services teams • Increased shelter bed capacity in Milwaukie • Increased in-house behavioral health support
Achieve governmental financial stability	• New revenue streams • Polling on revenue ideas • Comprehensive forecasting of needs (staff and infrastructure) • Updated financial policies
Make Milwaukie's water infrastructure more resilient	• Grant pursuits to augment CIP investments in water projects • Groundwater supply protections • Strategy to ensure we meet/exceed all water quality requirements

RS 9. 12/3/24
Exhibits
Councilor Anderson

From:	William Anderson
To:	City Council
Subject:	Governor"s Housing Report
Date:	Monday, November 25, 2024 12:08:46 PM
Attachments:	Screenshot 2024-11-25 at 12.01.21 PM.png

Hi folks,

For informational purposes only, please don't reply all.

The governor just released the state's first report on the housing crisis. I highlighted one of the most important stats from the report here. Oregon has a huge deficit of units, only twice in the last decade have we built more units than new residents moved in.

You can read the report here. If you don't have time, here is a summary in OPB.

All the best,
Will

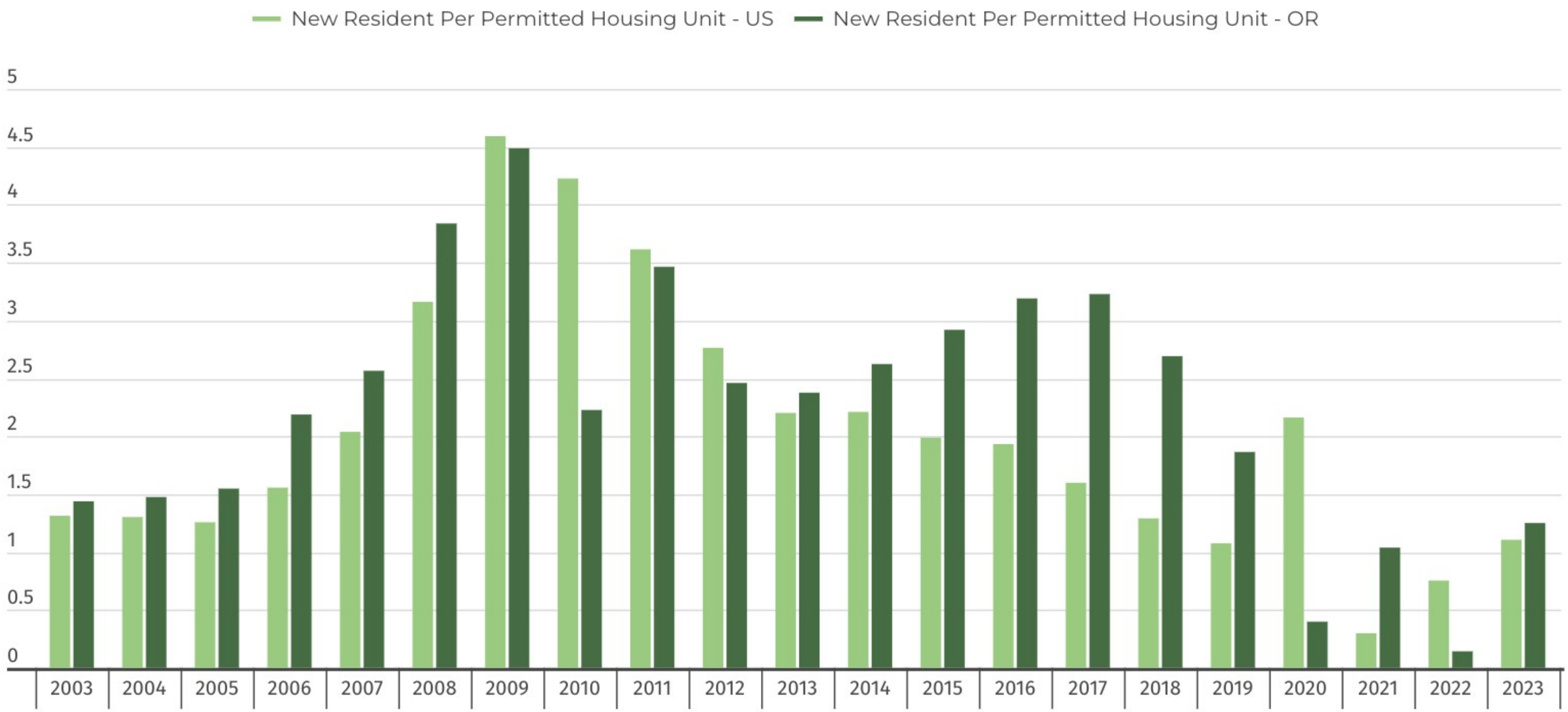
Oregon Housing and Community Services : State of the State's Housing Report : About Us : State of Oregon

The State of the State's Housing Report gives a high-level view of Oregon's housing state.

www.oregon.gov

Oregon's housing crisis rapidly devolved in the mid-2010's as new residents outpaced permitted units by more than 3 to 1

Between 2015 and 2019, Oregon's population grew by three residents for every new housing unit, significantly worsening the housing shortage and doubling the national average growth rate annually.



Source: OHCS Tabulation of Portland State Population Research Center, Population Estimates, 2003 – 2023; U.S. Census, Residential Building Permits Survey, Annual Estimates, 2003 – 2023

State of the State's Housing

Oregon Housing and Community Services | 2024

OREGON HOUSING and COMMUNITY SERVICES

RS29

Our Mission

We provide stable and affordable housing and engage leaders to develop an integrated statewide policy that addresses poverty and provides opportunities for Oregonians.

Our Vision

All Oregonians have the opportunity to pursue prosperity and live free from poverty.

Acknowledgements

Author

Brandon Schrader is the Housing Economist for Oregon Housing and Community Services

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Willy Schumann
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Lisë Stuart
Liz Weber

Contents

Foreword


Oregon Housing and Community Services (OHCS) is pleased to present the first edition of the State of the State's Housing Report for Oregon. This report comes at a critical time, as people from every corner of the state have voiced that housing availability and affordability are top priorities. The information within will provide leaders, policymakers, and the public essential insights into recent trends in Oregon's rental and homeownership markets, illustrating the impact of these trends on residents' pursuit of safe, affordable housing in thriving communities.

OHCS is committed to being a data-driven agency and has used the type of analyses in this report to inform past strategic plans. That includes our 2019-2024 Statewide Housing Plan, which recently concluded with significant progress toward our ambitious production goals. While we've conducted analyses like this before, this is the first time we are committing to providing this information on a regular basis. You can expect a new State of the State's Housing Report every two years, with additional localized analyses in the years between each release.

Reliable data is important for making informed decisions about where to invest the public resources entrusted to OHCS. Boosting housing supply isn't just about numbers – it's about improving everyday life for all Oregonians. Data enables us to identify where our efforts are making an impact and where improvements are needed. This report highlights ongoing challenges, including how wages have failed to keep pace with rising housing costs and the lag in housing production. It also underscores the disproportionate impact these issues have on Black, Indigenous, and People of Color (BIPOC) communities and low-income households. Insights like these will inform our work in the upcoming legislative session and shape our priorities for the next biennium.

We look forward to hearing about how you will use this information in your work and what you'd like to see in future editions of this report.

In partnership,

Andrea Bell
Executive Director

Megan Bolton,
Assistant Director of Research

Las Adelitas | Portland

RS33

Executive Summary

In this inaugural State of the State's Housing Report, Oregon Housing and Community Services (OHCS) explored various data sources related to housing, the economy, and the people of Oregon to better understand the challenges residents across the state face in accessing and affording high-quality housing in thriving communities. This report serves as a source for understanding the state of housing in Oregon and advancing housing progress that makes life better for the people and communities we serve.

More than half of all renters in Oregon and a third of homeowners experience a housing cost burden, meaning that they spend more than 30% of their income on housing costs. Neighbors, friends, and families struggle to make ends meet each month as rent or mortgage payments come due. The lack of affordable housing isn't a new issue, particularly for low-income households and Black, Indigenous, and People of Color (BIPOC) Oregonians. However, the past decade has been marked by rapid population growth and housing underproduction, exacerbated by a global pandemic that caused housing prices to skyrocket, deepening the housing crisis.

To address the affordable housing shortage and related issues such as homelessness, well-informed stakeholders must continue collaborating as significant challenges lie ahead for the state. The first biannual State of the State's Housing Report is one of the ways OHCS aims to inform and support affordable housing strategies.

Home prices have far outpaced wage gains over the past decade in the for-sale market, limiting access to the financial security and wealth-building potential of homeownership. While housing was not particularly affordable in 2013, it was more aligned with the economic realities of the time. Approximately 53% of Oregonians had a household income that qualified them to purchase the average home. Since then, wage growth has lagged, and only 29% of households could afford a typical home in 2023. This decrease is primarily because, for every dollar Oregonians earned in wage increases between 2013 and 2022, the median sales price of a home increased by $7.10, further distancing homeownership from reach. Depending on interest rates and personal debt, individuals can typically afford homes priced three to five times their household – price increases beyond this range negatively impact affordability. While low interest rates in 2021 and early 2022 softened some effects of rising housing costs, as rates have increased, affordability has deteriorated, and housing market activity has slowed.

BIPOC communities, which have historically been excluded from homeownership, continue to face significantly lower homeownership rates (49%) compared to their white counterparts (66%). While purchasing a home is challenging for anyone, certain communities bear the brunt of these economic consequences. This is partly because the housing crisis began much earlier for BIPOC populations, who generally have lower household incomes and face systemic hurdles when attempting to purchase a home. By 2018, the average home was already unaffordable for every demographic group in Oregon except white and Asian individuals and the situation has since worsened as the gap between wages and housing prices has widened. Although the overall homeownership gap between white and BIPOC Oregonians remained relatively stable from 2013 to 2022, it expanded explicitly for Black and Native American groups during this period.

For every **$1 dollar Oregonians earned in wage increases,** the median sales **price of a home increased by $7.10.**

Similar to for-sale markets, people in the rental market face severe challenges as income and housing costs drift further apart. Despite rebounds in residential construction, building permits, and a slowdown of in-migration trends, housing production remains well below what is needed to address the shortfall. Rent was stable going into 2020 but began to climb sharply alongside for-sale prices during the summer and has not returned to pre-pandemic levels. Rapid rent increases have largely eroded the wage gains Oregon renters experienced over the last five years, with more than 50 cents of every new dollar earned going to rent hikes. Rising housing costs pose significant consequences for labor markets, particularly moving forward. One of Oregon's strongest economic advantages has been its ability to attract a talented and highly educated workforce, but this is at risk. A lack of affordable rentals, let alone for-sale homes, creates a high barrier to entry, especially as remote work becomes more common. Employers may struggle to find employees, particularly since 14 of the top 20 fastest-growing occupations have average wages insufficient to afford a one-bedroom apartment in Oregon.

Oregon must add
500,000 housing units
over the **next two decades** to begin addressing supply issues.

With homeownership out of reach and rent prices climbing, Oregonians face financial precarity, eviction, and, ultimately, homelessness. The renter cost burden has increased by 11% between 2019 and 2022, representing tens of thousands of new households struggling to keep up. This increase predominately affects households making between $45,000 and $75,000, whose representation among cost-burdened renters grew from just 18% in 2001 to 44% in 2022. Additionally, more than 27% of all renters are severely cost-burdened, meaning they spend 50% or more of their income on housing. Unsurprisingly, foreclosures and eviction cases have rebounded to pre-pandemic levels since COVID-era protections ended. In fact, the number of eviction cases filed in 2023 was the highest Oregon has seen since 2011, following the exit from the Great Recession.

The shortage of affordable housing and increasing cost burden have resulted in a rising number of people without a safe place to call home. When adjusted for population size, Oregon ranks third in the nation for people experiencing homelessness, behind only New York and Vermont. As of 2023, more than 20,000 individuals were experiencing homelessness, with three in ten classified as chronically homeless. In other words, nearly 48 out of every 1,000 Oregonians are experiencing homelessness, compared to 46.5 in California and 36 in Washington. Notably, Oregon ranks first in the nation for unsheltered homelessness among families with children, with the number of children experiencing unsheltered homelessness in the state being 14 times higher than the national average and nearly three times higher than Hawaii, the second-highest state. Oregon has made significant progress in supporting individuals experiencing homelessness. Initiatives such as Executive Order 23-02 have rapidly mobilized resources to increase the number of available shelter beds, facilitate the transition of unsheltered individuals to permanent housing, and work to prevent homelessness and evictions through rental assistance. Additionally, the state has invested in permanent supportive housing, which provides wraparound support services and long-term rent assistance for those struggling with chronic homelessness. While public institutions and nonprofit organizations have demonstrated that viable policy options exist to address homelessness,

Wickiup Townhomes | Bend

continued investment is needed.

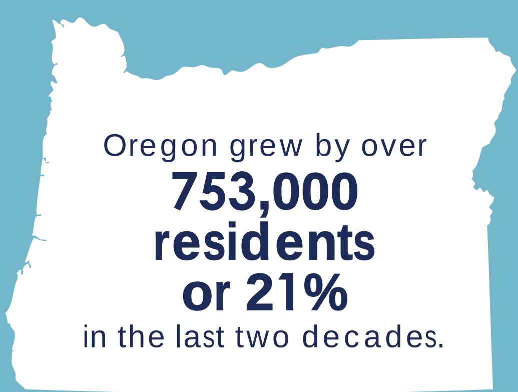
In conclusion, Oregon faces a profound housing crisis that demands immediate and collaborative action from all stakeholders. The stark realities of cost-burdened renters and homeowners, combined with alarming rates of homelessness, highlight the urgent need for comprehensive and sustainable solutions. This report clarifies that persistent housing challenges exist across the state, underscoring the need for ongoing investment in the full spectrum of housing services. Addressing these issues is crucial for Oregonians' economic stability and social well-being and essential for maintaining the state's ability to attract and retain a skilled workforce. As Oregon navigates these complex challenges, it must prioritize equitable strategies that consider the unique barriers faced by BIPOC communities and other vulnerable populations to ensure an inclusive path forward.

Despite how expensive housing has become over the last several years, **buying a home for a white household today is still more affordable than it was for BIPOC households back in 2018**.

Background

Oregon's Population Growth Between 2003 and 2023 Far Outpaced the National Average

The housing crisis in Oregon has worsened in recent decades, but the lack of affordable housing has affected Black, Indigenous, and People of Color (BIPOC), migrant, and low-income Oregonians since the state's founding. Essential workers, from dockhands to loggers, who helped build cities like Portland, couldn't afford homes in the communities they contributed to, often leading families to rely on places coined "poor farms" in 1854. These initiatives, typically led by counties or cities, supported low-income, elderly, and ill residents but largely faded with the advent of Social Security.

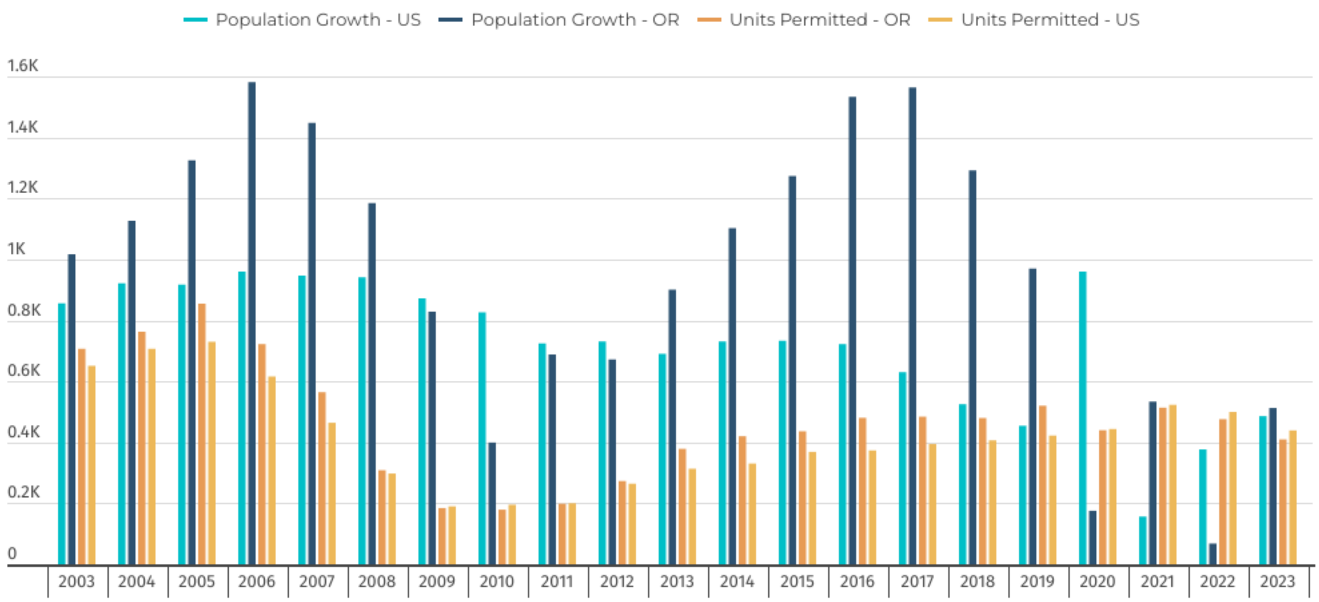


Mid-century policy decisions, under the guise of "urban renewal," dismantled many affordable housing properties, gentrified neighborhoods, and displaced thousands of Oregonians, particularly BIPOC and low-income Oregonians. The impact of the war on drugs, inadequate investment in mental healthcare, redlining, and other policies further compounded Oregon's housing challenges. While the complete history of Oregon's housing crisis exceeds the scope of this paper, it remains crucial to focus on those harmed by federal, state, and local policies and recognize that current issues have deep roots.

Despite a growing shortage of affordable housing over the last two decades, Oregon's population continues to increase as people from across the country migrate to the state. Whether it's the Cascade Mountains, the Oregon Coast, or the Columbia River Gorge, the appeal of Oregon is hard to overstate. With Oregon's relative affordability compared to other west coast states and a strong economic rebound following the Great Recession, it's no surprise that the state has attracted hundreds of thousands of people from around the country over the past few decades. Oregon's population grew by more than 753,000 residents, representing a 21% increase between 2003 and 2023. This rate of growth outpaced the national average in 14 of those 20 years except during recessionary periods (Figure 1). Oregon's in-migration patterns tend to be pro-cyclical, meaning they outperform the country during good economic times but fall further in recessions. While this resulted in stagnant growth during the Great Recession and the COVID-19 recession, Oregon came out ahead overall between 2004 and 2023, growing 55% faster than the national average. Oregon's population has also become more diverse over the last decade with the share of BIPOC residents, accounting for 77% of population growth. Oregon's BIPOC community represented 22.7% of the population in 2013 but has grown by 5.7 percentage points to 28.4% in 2022.

Figure 1

Population growth in Oregon far outpaced residential construction and national increases



Source: OHCS Tabulation of Portland State Population Research Center, Population Estimates, 2003 – 2023; U.S. Census, Residential Building Permits Survey, Annual Estimates, 2003 – 2023

Statewide population growth was already strong before the 2010s, exceeding trends in other parts of the country every year between 2003 and 2009, but the gap in new residents per capita between Oregon and the U.S. widened in the years after the Great Recession. Oregon's share of new residents was more than double the national average every year between 2016 and 2019, putting extreme pressure on housing markets. High demand spurred the residential construction sector to build more housing units and like population growth, Oregon outperformed the U.S. However, construction was insufficient to keep pace with a rapidly increasing population.

Despite Strong Residential Construction, Housing Production Failed to Keep up With In-Migration

The roots of today's housing shortage began decades ago despite relatively robust residential construction efforts. For instance, adjusted for population size, Oregon permitted housing 13% faster than the U.S., yet the state's population increased 22% more rapidly from 2003 to 2009. Similar trends persisted in housing production after the Great Recession, with Oregon continuing to permit housing at rates above the national average, but still insufficient to keep pace with rapid population growth.

It's crucial to consider the national context, as the U.S. has also faced significant housing underproduction in recent decades. A report from Up for Growth in late 2023 estimated a national need for an additional 3.9 million housing units to meet current demands. Even if Oregon were to match the national average in production rates, it would still need more housing stock. Comparisons with the broader U.S. underscore the severity of Oregon's housing crisis. Housing affordability continues to decline nationwide, exacerbating challenges in Oregon, which remains one of the least affordable states in terms of cost burden and homelessness.

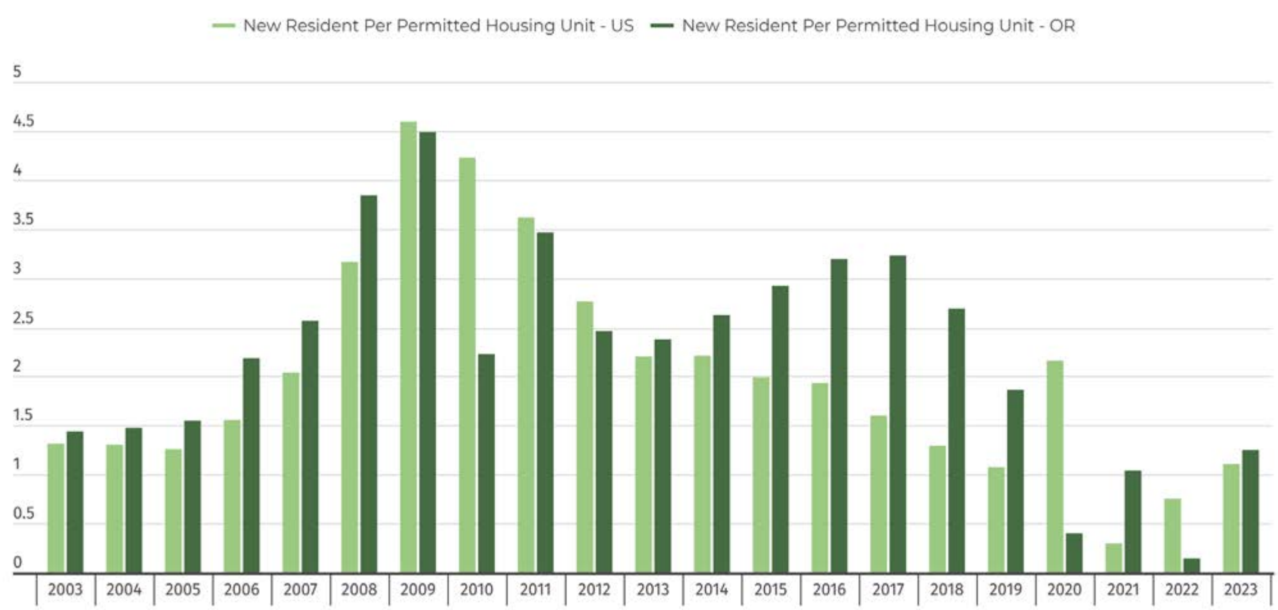
Another lens through which to view the history of housing shortages is by comparing new residents per permitted housing unit over the past two decades. This metric reveals how many new housing units were built for each new Oregon resident between 2003 and 2023. When new residents outstrip housing production, competition for limited housing intensifies, exerting upward pressure on prices.

In the early 2000s, Oregon saw approximately 1.5 new residents per permitted housing unit, slightly above the U.S. average. This ratio continued to rise leading into the Great Recession. Despite a significant slowdown in in-migration, housing production declined even more sharply, with only one new housing unit being built for every 4.5 new residents by 2009, which was in line with the national average of 4.6 (Figure 2).

From that point onward, Oregon's housing dynamics began to diverge from national trends. While much of the

Figure 2

Oregon's housing crisis rapidly devolved in the mid-2010's as new residents outpaced permitted units by over 3 to 1



Source: OHCS Tabulation of Portland State Population Research Center, Population Estimates, 2003 – 2023; U.S. Census, Residential Building Permits Survey, Annual Estimates, 2003 – 2023 country witnessed a decline in the ratio of new residents to homes as construction recovered, Oregon's ratio began to climb again as early as 2013, driven by in-migration that overwhelmed the capacity of a recovering construction sector. Between 2015 and 2019, Oregon's population grew by three residents for every new housing unit, significantly worsening the housing shortage and doubling the national average growth rate annually.

These shortages were not new phenomena but were intensified by booming in-migration over the past two decades, aggravating an already unsustainable situation. Conversely, the ratio of new residents per permitted housing unit steadily declined from its peak in 2009 leading into the pandemic for most states.

Low-Income Households Continue to Face the Worst of Housing Shortages

The lack of affordable housing in Oregon has not affected all residents equally. While higher-income groups and white individuals are increasingly experiencing cost burdening, this has long been a reality for BIPOC communities and low-income households. Over the past two decades, these disparities have worsened, disproportionately impacting Oregon's most vulnerable populations.

Households earning at or below 30% of the Area Median Income (AMI) are classified as extremely low income (ELI), and those earning at or below 50% of AMI as very low income (VLI). These households face a severe shortage of available and affordable housing options. Approximately 242,000 households fall into these categories, yet Oregon only offers approximately 113,000 housing units that are both affordable and available to them, resulting in a deficit of 128,000 units for these households (Figure 3). In order for housing to be considered affordable, a household must not spend more than 30% of their income on housing costs. Another way to understand this gap is that for every unit affordable to an ELI household, there are 4.2 families in need of such housing. The lack of affordable options forces people to accept housing beyond their financial means, leading to cost burden, financial instability, and, in some cases, homelessness.

Home prices **increased $68,000 in only five months** representing prior 3.5 years of growth

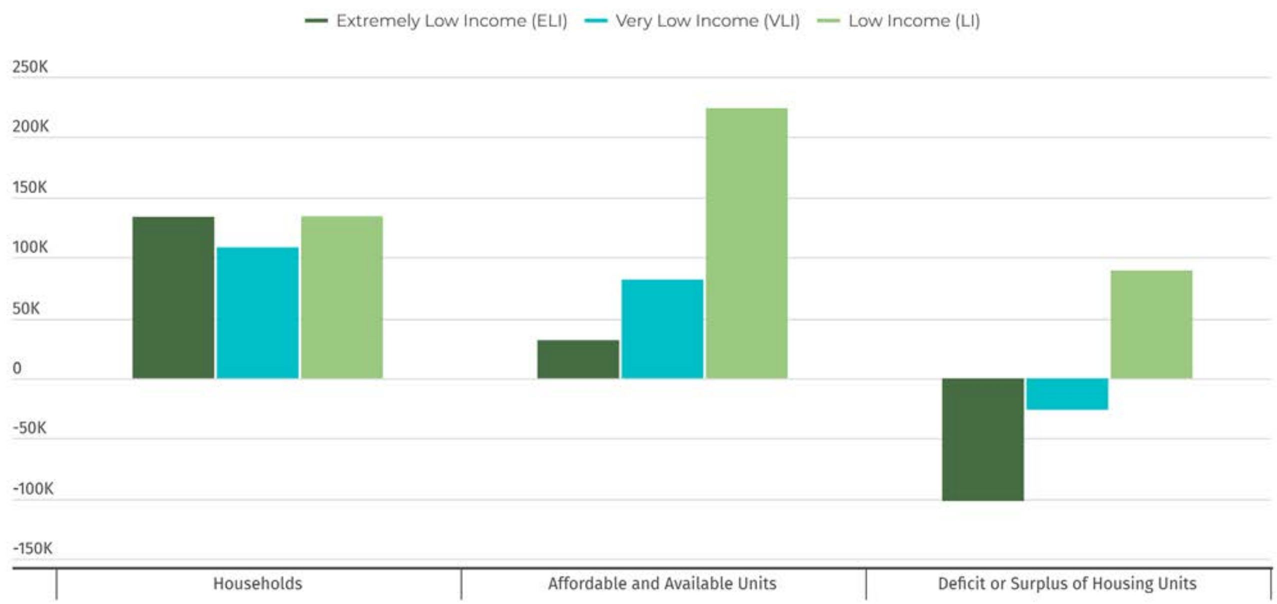
This analysis, known as a gap analysis, provides a conservative estimate of the severity of housing shortages, as it does not account for instances of reverse filtering. Reverse filtering occurs when higher-income households can potentially occupy relatively affordable housing, thereby reducing availability for lower-income households due to price limitations.

Filtering is a process where housing units gradually become more affordable over time due to factors like aging and depreciation, while new units are continuously added to the market. In theory, new single-family homes or multifamily complexes command the highest prices upon completion and decrease in value over the years. As higher-income households move into newer, more luxurious accommodations, they vacate their older, more standard units. Over time, this turnover can lead to a gradual decline in prices, making these units accessible to lower-income families. This phenomenon is also known as naturally occurring affordable housing. However, in regions like Oregon, severe housing underproduction complicates this process. Research by the Federal Housing Finance Agency indicates that during economic downturns (such as the Great Recession and the COVID-19 pandemic), west coast cities experienced reverse filtering. This means that previously affordable units are bid up by higher-income households, increasing their cost due to heightened competition. For instance, while luxury apartments saw price declines across the U.S. during the pandemic, the cost of more affordable housing remained stable or even rose in some areas.

While filtering is a natural mechanism in healthy housing markets, it cannot reliably provide affordable housing, especially during economic downturns or in Oregon's constrained housing market, where demand far exceeds supply. Market conditions change rapidly, and once affordable units can quickly become unattainable, particularly when coupled with economic uncertainties such as job losses or reduced hours. Reversed filtering exacerbates the already profound gap in affordable housing as more people compete for a limited pool of available units.

Figure 3

The gap in housing that is affordable to extremely low and very low-income households



Source: OHCS Tabulation of CHAS 5-Year Estimates, 2016 – 2020

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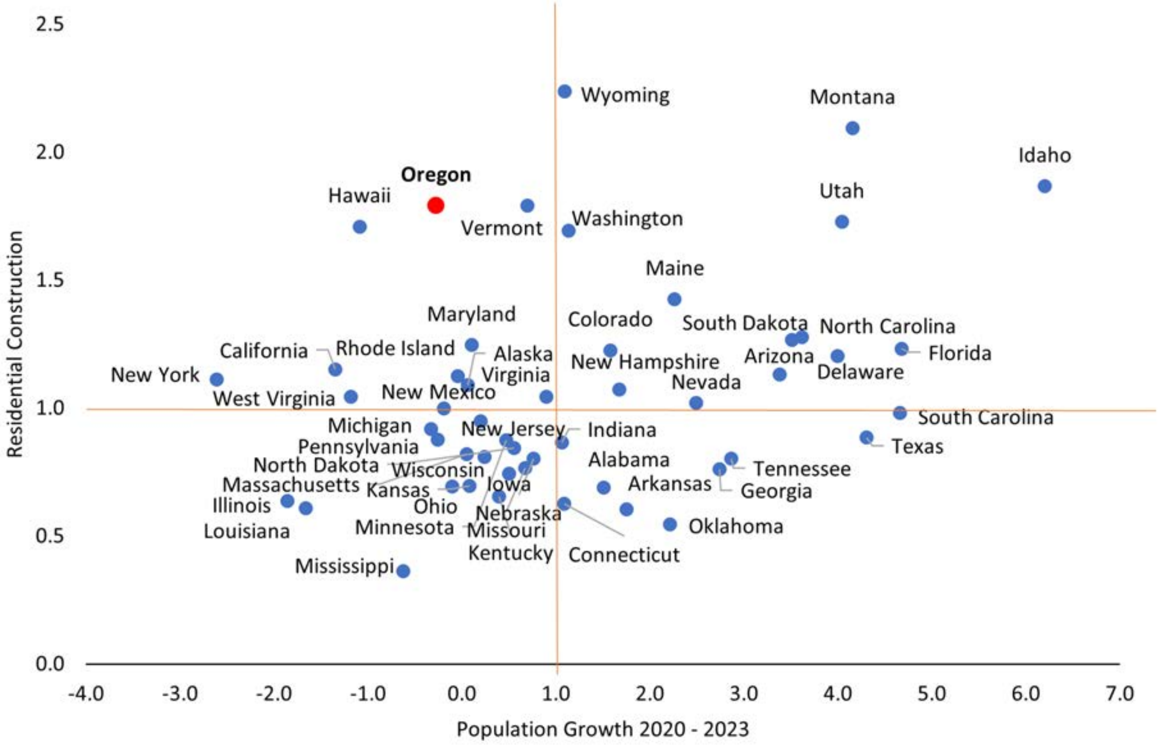
Looking Forward: Oregon will need more than 500,000 Housing Units Needed Over 20 Years, But Slower In-Migration and Strong Residential Construction Provide a Promising Starting Point

Oregon faces a significant challenge in addressing its housing crisis and preparing for future growth. The Oregon Housing Needs Analysis (OHNA) is nearing completion, with its first comprehensive release scheduled for December 2024. This methodology assesses current housing needs based on underproduction and homelessness and also projects future housing needs. Preliminary figures are daunting, suggesting Oregon will need to add 500,000 housing units over the next two decades to begin alleviating supply issues, among other barriers to affordability.

While constructing hundreds of thousands of units is formidable, Oregon benefits from two favorable conditions as it strives to meet housing demand. First, Oregon's residential construction sector has thrived and expanded since the Great Recession. The state's residential construction labor force concentration has grown faster than any other state in the nation from 2012 to 2023, ranking 5th overall. Although the industry has faced challenges like labor shortages, Oregon remains better positioned than most states. External factors such as land availability, permitting, zoning restrictions, and material

Figure 4

Oregon has two favorable conditions for addressing the housing crisis: 1) a strong residential construction industry and 2) slower population growth



Source: OHCS Tabulation of Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2022 and U.S. Census, Population Vintage, 2020 – 2023

undoubtedly influence future housing production, but Oregon's robust residential construction industry will be pivotal in addressing the housing crisis.

Additionally, population growth in Oregon has slowed significantly since 2020. In-migration nearly ceased during the peaks of the COVID-19 pandemic and has since rebounded moderately. Regional forecasts indicate gradual and steady growth in the years ahead. While slower population growth presents challenges, such as potential labor shortages, it also offers an opportunity for Oregon to alleviate pressure on the housing market and begin to catch up. Initiatives like the OHNA, which calculates housing need and creates production targets for each city with a population of 10,000 or more in Oregon, paired with funding for affordable housing development, will be essential in incentivizing action and capitalizing on this opportunity. Balancing moderate population growth with rapid housing production could prove to be an effective strategy as Oregon moves forward.

When considering both population growth and residential construction, it becomes apparent which states may face housing shortages and which are better equipped to manage current demands or maintain pace. States with small residential construction sectors but high population growth rates (e.g., Georgia, Tennessee, or Oklahoma) may struggle with or be headed toward housing crises. Conversely, Oregon, along with states like Hawaii and Vermont, boasts a high concentration of residential construction workers and comparatively lower population growth, suggesting a favorable starting point compared to states facing the pressures of rapid growth and limited residential construction sector capacity (Figure 4).

While these factors do not fully address Oregon's current housing crisis and its associated challenges of instability and homelessness, they do highlight potential opportunities for the state to make significant strides forward.

For-Sale Housing Markets

Affordability Remains a Fundamental Issue as Prices Persist Despite Cooling Markets

Despite a decrease in population growth, stable residential construction figures, and reduced housing market activity in 2023, affordability did not improve, particularly when contrasted with the rapid price surges seen post-COVID. Following a brief decline in spring 2020, prices for single-family homes soared by over $68,000 in just five months—an increase that typically spans several years of growth (Figure 5). Factors such as heightened demand for larger homes, supply chain disruptions, remote work arrangements, and other pandemic-related influences likely contributed to this sharp escalation in prices.

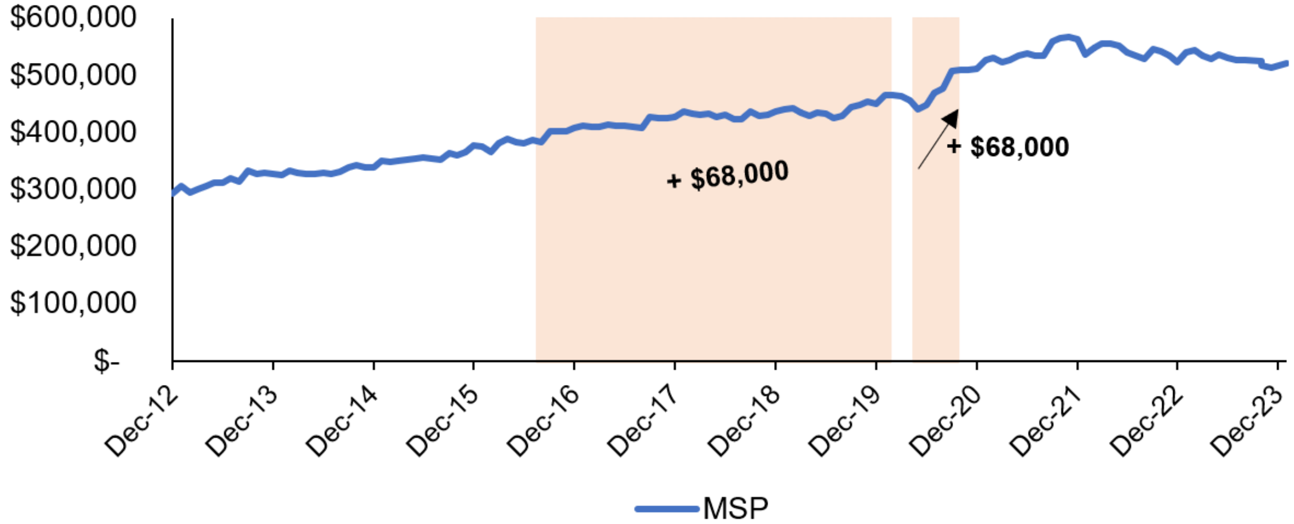
Subsequently, home prices continued to rise until peaking in late 2021 and remaining high into early 2022. The onset of record-breaking inflation and subsequent interest rate hikes aimed at cooling an overheated economy further exerted pressure on housing markets. Although the sticker price of homes decreased by 2.3% in 2023, the average single-family home still costs 11% more than pre-pandemic levels, equivalent to an additional $52,000—a situation unlikely to see swift change.

For-sale markets were sluggish in 2023, with fewer than 38,000 homes sold and only 44,000 new listings added. In fact, housing market activity slowed for two consecutive years, with 2022 showing a notable decline compared to the peak in 2021. As Oregonians bought homes in 2020 and 2021 with historically low rates or refinanced mortgages, interest in buying or selling a home had dwindled by 2024. Mortgage rates of less than 3%

were unprecedented and opened the doors to homeownership for thousands of Oregonians, but it was ultimately a temporary spike. After the rush of activity, home sales declined by nearly 39%, and listings decreased by 33% between 2021 and 2023, reaching the lowest level in a decade (Figure 6). So, why didn't home prices fall in tandem?

Figure 5

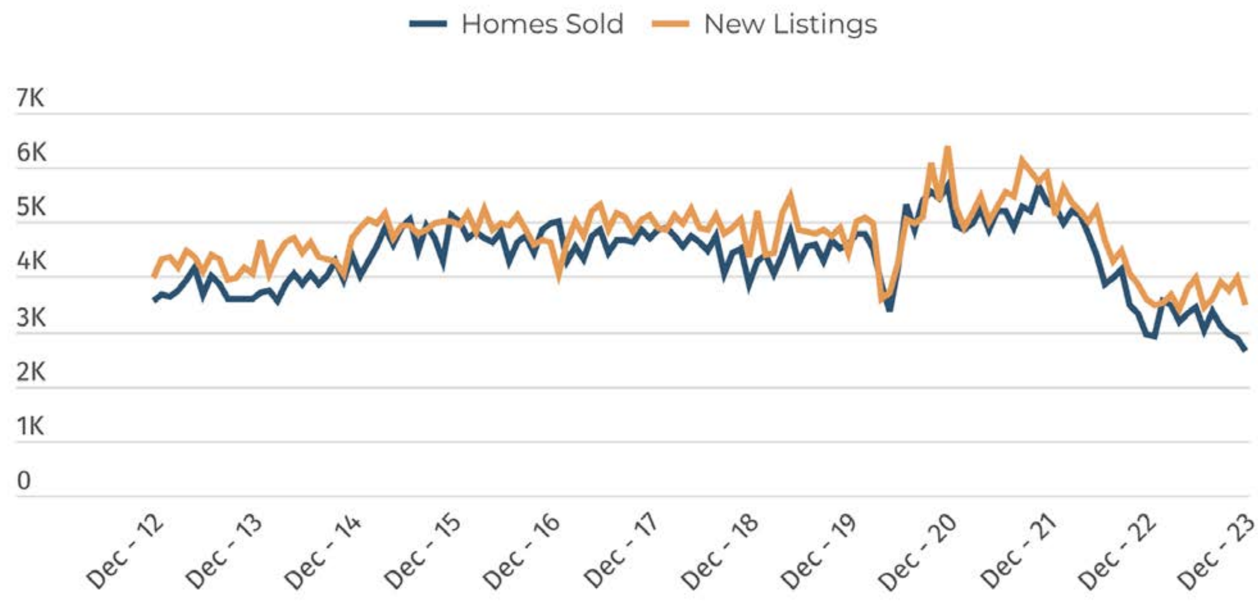
Home prices increased by $68,000 from May to September 2020 representing prior 3.5 years of growth in only five months



Source: OHCS Tabulation of National Association of Realtors MLS Data, Median Sales Price, Seasonally and Inflation Adjusted, 2012 - 2023

Figure 6

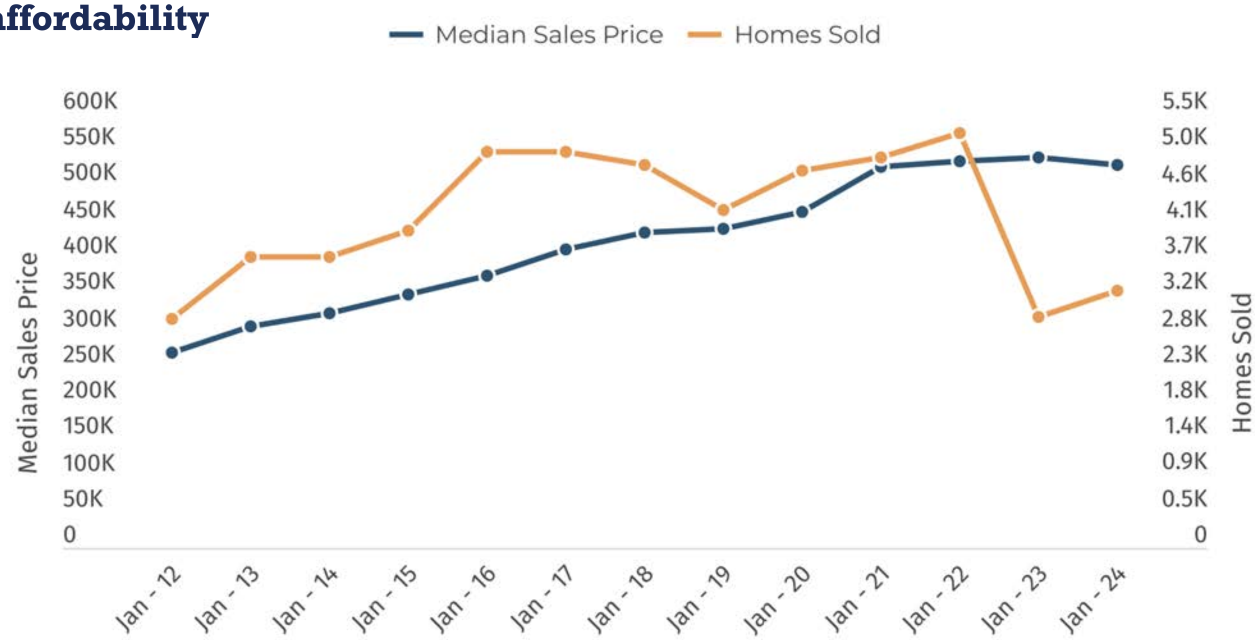
Housing market activity slowed in 2023 – falling since spring of 2022



Source: OHCS Tabulation of National Association of Realtors MLS Data, Homes Sold and New Listings, Seasonally Adjusted, 2012 - 2023

Figure 7

Oregon home prices remain stable or grow in spite of downward pressure from slowing migration, higher mortgage rates, deteriorating affordability



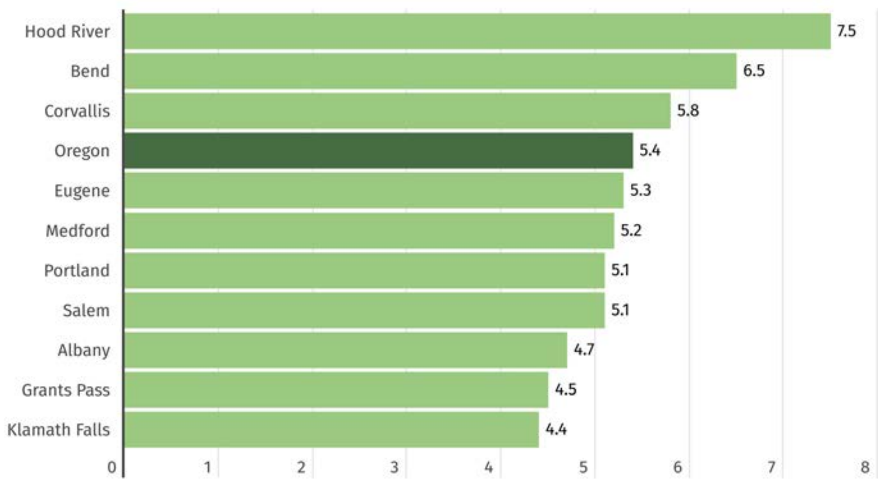
Source: OHCS Tabulation of National Association of Realtors MLS Data, Median Sales Price, Seasonally and Inflation Adjusted, 2012 - 2023

Home prices are sticky, meaning they tend to resist downward pressure – even more so in states like Oregon, where high demand and low supply create a seller's market. For instance, if someone had a neighbor with a similar home that sold for $500,000 in 2021, they may feel "stuck" asking for that price for their home regardless of market changes. Homeowners may also be reluctant to reduce asking prices if they are locked into a low mortgage rate or bought a home near their maximum budget. Additionally, even with a relaxed market, sellers still hold an advantage, with more than 29% of homes selling above the asking price in 2023. While markets can experience temporary dips or exceptions, such as the Great Recession – primarily caused by predatory lending that artificially inflated access to markets and resulted in a housing crisis – Oregon housing prices have steadily increased over the past several years despite fluctuations in the number of homes sold.

Before COVID-19, the number of homes sold peaked in late 2015 at 5,120 and gently trended downward over the next few years by 7.5% until early 2020. However, prices increased by 23% during this same period, or $87,132 (Figure 7). A more dramatic example of price stickiness comes from the beginning of the pandemic when the number of homes sold declined by 30% between February and May 2020, while prices decreased by just 5%. The best example of this phenomenon in Oregon occurred between 2021 and 2023 when the number of homes sold decreased by 39%, yet prices only declined by 2.3%. Even when housing markets face headwinds from rising mortgage rates, slowing in-migration, and poor affordability, prices have largely remained unaffected.

Figure 9

Hood River and Bend were most expensive places to purchase home in 2023, high wages in Portland cushion housing affordability compared with other parts of the state



Source: OHCS Tabulation of National Association of Realtors MLS Data, Median Sales Price, Seasonally and Inflation Adjusted, 2014 – 2023; American Community Survey, 1-Year Estimates S1901, 2014 – 2023; HUD, Median Family Income Limits, 2023

Figure 8

Housing affordability remains worse than the nation, but crisis is worsening around the country

Source: OHCS Tabulation of National Association of Realtors MLS Data, Median Sales Price, Seasonally and Inflation Adjusted, 2014 – 2023; American Community Survey, 1-Year Estimates S1901, 2014 – 2023; HUD, Median Family Income Limits, 2023

Income Has Failed to Keep Pace with Housing Prices – Eroding Affordability

As of 2023, the typical home in Oregon costs around $528,000, 24% more than the U.S. average of $425,000. But do local wages compensate for these differences? The short answer is no: wages in Oregon have historically fallen below the U.S. average by a few percentage points. Although Oregon has seen rapid wage gains following the Great Recession, statewide figures only reached the national average in 2022. It's common knowledge that housing is less affordable in Oregon than in the rest of the U.S., but it can be challenging to translate this into what it means for homebuyers. While it's relatively easy to show that people are struggling to buy a home, it can be more challenging to quantitatively represent those financial barriers across different periods, interest rates, and other factors. A useful metric for understanding homebuying affordability is the home price-to-income ratio (HPI). The HPI divides the median sales price by income to determine a ratio, offering insights about affordability as income and prices change.

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In a healthy housing market, the sales price of a home shouldn't exceed 3 to 5 times the median annual income. Someone with little revolving debt (car payments, student loans, etc.) could afford a home closer to 5 times their income, whereas those with more debt may need to aim for 3 times their income. In 2023, the HPI for Oregon was 5.4 compared with 4.3 for the United States, a slight decline from 2022, which was 5.6 and 4.6, respectively (Figure 8). The median sales price of a home in Oregon has increased 7.1 times faster than income over the last decade. In other words, for every $1 Oregonians received in increased income, the price of a home increased by almost $7.10. This makes it especially difficult for those who haven't already entered homeownership to catch up, save, and ultimately buy a home because they're not benefiting from equity gains that can offset sales prices.

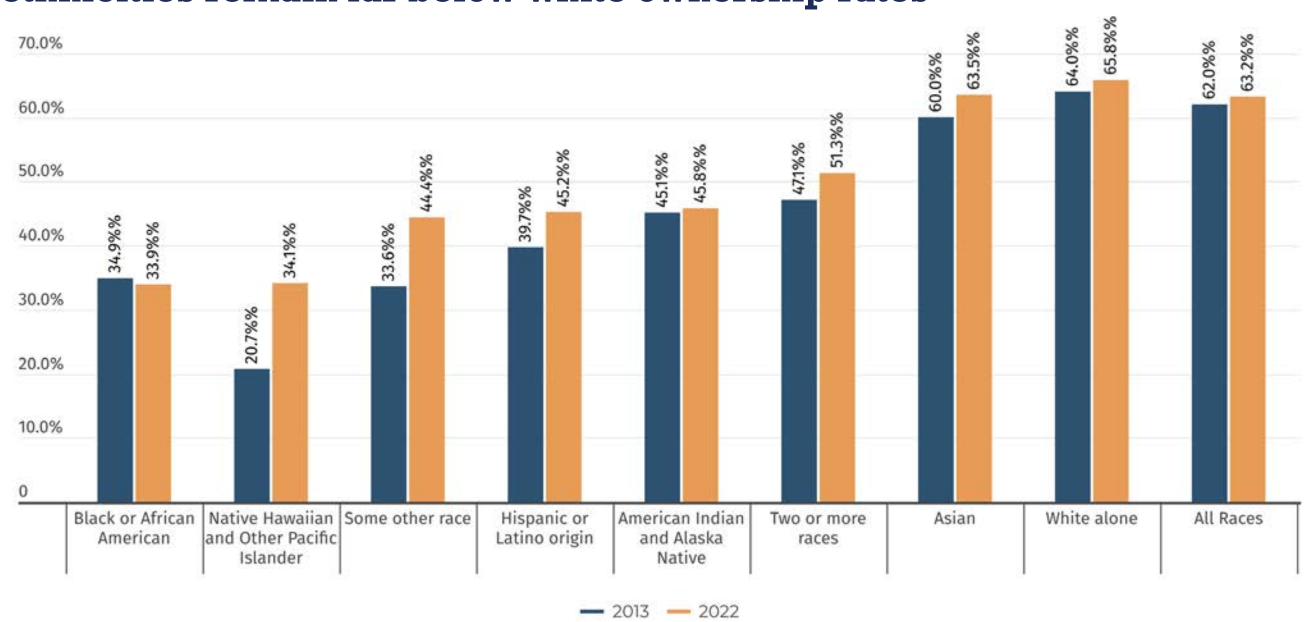
While this trend eroded housing affordability locally, the impact was even worse for the U.S. due to slower income gains and faster price increases. During the same period, for every $1 U.S. workers gained, home prices increased by $8. Unsurprisingly, housing insecurity is rampant in Oregon, and housing affordability is a growing concern nationwide.

Regional Housing Markets Show Unique Barriers to Ownership, BIPOC Communities Face the Greatest Hurdles

Home affordability varies widely throughout the state, even when considering earnings. For instance, Hood River and Bend were the most expensive areas in which to buy a home in 2023, with home price-to-income ratios of 7.5 and 6.5, respectively, despite relatively high median

Figure 10

Homeownership gap improved for BIPOC groups since 2013, but widened for Black and Native American communities – other race & ethnicities remain far below white ownership rates



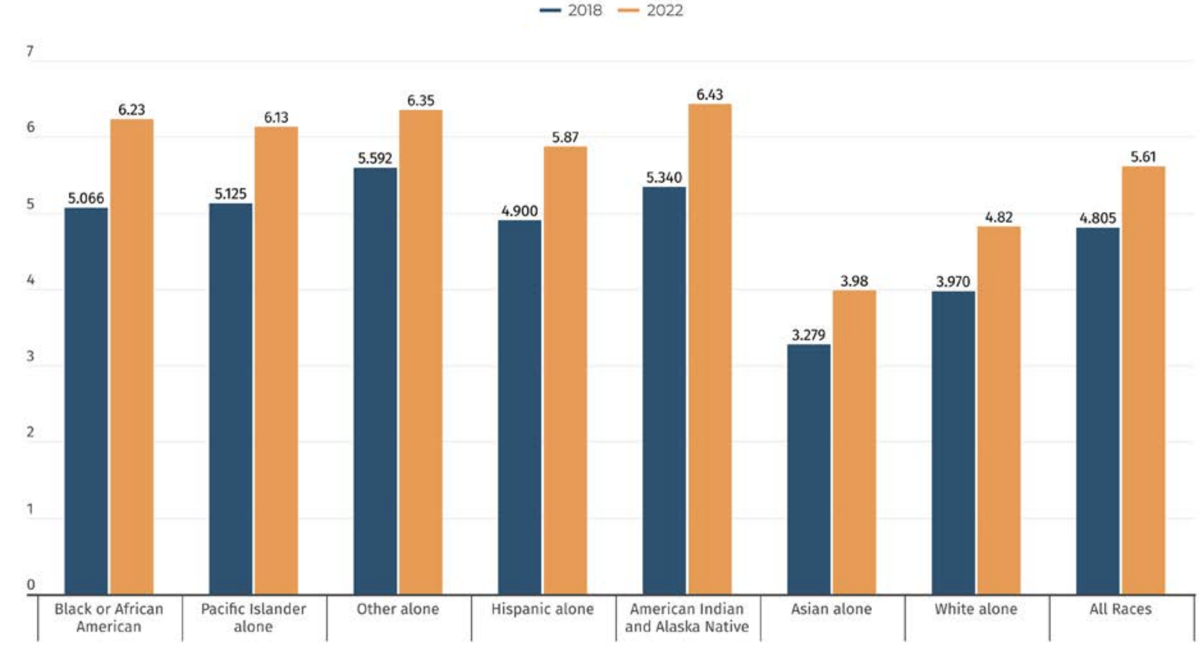
Source: OHCS Tabulation of CHAS 5-Year Estimates, 2016 - 2020 family incomes in these areas (Figure 9). Limited land supply, a high number of second and vacation homes, and a strong tourism economy likely contribute to the highest housing prices in the state. On the opposite end of the spectrum are places like Albany, Grants Pass, and Klamath Falls, some of the most affordable places in Oregon to buy a home, with HPIs under 5. The Portland area is unique: only Bend and Hood River were more expensive in 2023 when considering just housing prices. However, higher wages in Portland mitigated costs, resulting in an HPI of 5.1, below the statewide average. This doesn't mean that Portland is affordable for most people living in the area, as wages aren't equally distributed by industry, sector, etc., but it does suggest that strong income growth can play a role in alleviating the housing crisis.

Lastly, examining housing affordability by race and ethnicity can help show the significant homeownership gaps. As of 2022, 65.8% of white Oregonians owned their homes, while only 50.5% of BIPOC Oregonians were homeowners, representing a 15.3% gap. This is an improvement from a decade ago when the homeownership gap was 18.9%. However, this misses an essential piece of the puzzle. For Black and Native American communities, the gap hasn't improved since 2013 due to slow or nonexistent growth in homeownership. In 2013, only 34.9% of Black residents owned their homes; in 2022, that figure was 34.0%, remaining essentially unchanged (Figure 10). This gap is the result of exclusionary policies, wealth gaps, and institutional barriers that prevent BIPOC communities from buying a home.

The cost of buying a home is unaffordable for most Oregonians. Still, the problem of affordability is particularly challenging for BIPOC households

Figure 11

While homeownership is further out of reach for all Oregonians, BIPOC communities face the worst of the housing crisis



Source: American Community Survey, 5-Year Estimates S2502, 2018 - 2022; HUD, Median Family Income Limits, 2018 - 2022 in Oregon, who tend to have lower incomes than white households. In 2022, less than three in ten Oregon households earned enough to afford the average home for sale, a decrease from nearly six in ten families in 2013.

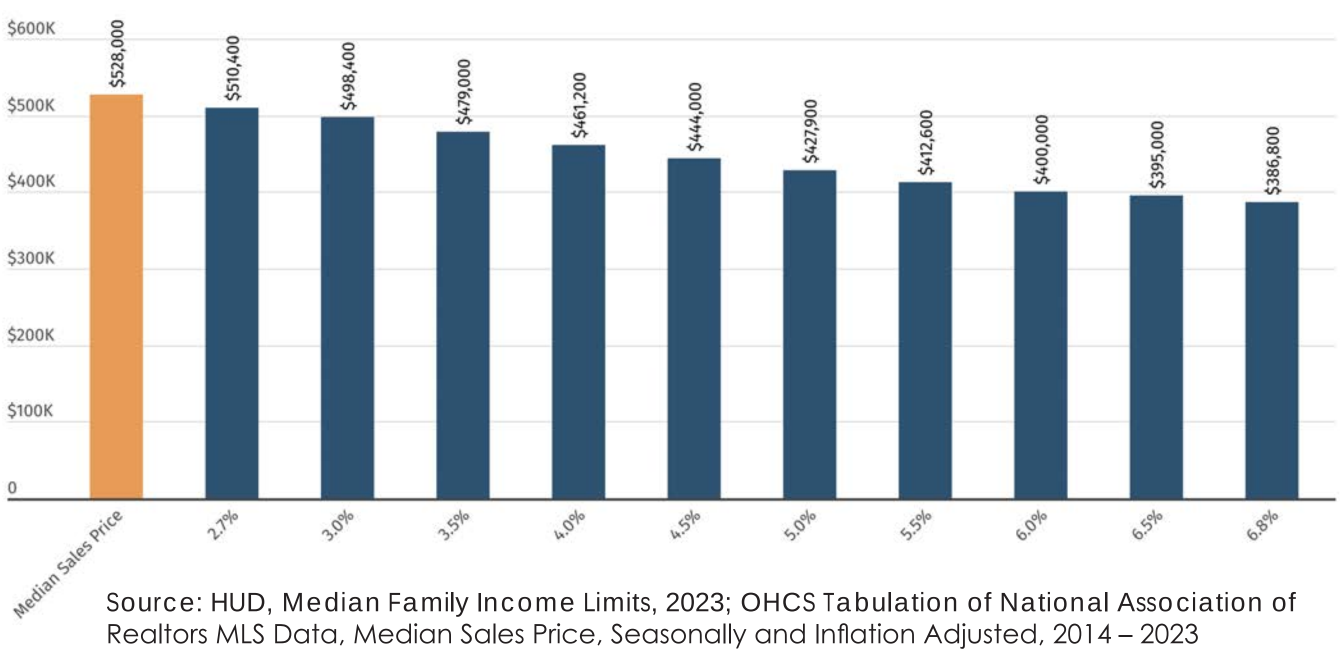
When comparing the median home price with the median family income by race, the median home price in 2018 was five times greater than that of Black, Native American, Pacific Islander, and households identifying as other races (upper limit of HPI). For white residents, the price was only 3.97 times higher than their household income (Figure 11). Over the past ten years, median sales prices have outpaced wage gains for everyone, but wage increases were slower for BIPOC communities, further excluding them from homeownership. Since then, affordability has risen to more than six times higher for all BIPOC communities except Asian households. The cost of a home grew quickly for white Oregonians as well; however, an HPI of 4.82 in 2022 is still better than what BIPOC communities experienced in 2018, demonstrating the sheer depth of housing inequality.

Interest Rates Exacerbate the Housing Crisis in 2023

In response to the economic fallout from COVID-19, the Federal Reserve (the Fed) implemented monetary measures to alleviate the effects of unprecedented unemployment, small business closures, and supply chain disruptions. One key tool the Fed uses is adjusting the federal funds rate (the interest rate banks charge each other for overnight reserves), which influences lending and consumer spending. Lower federal funds rates generally lead to cheaper mortgages and credit card rates, encouraging consumer spending and supporting

Figure 12

How much can the typical Oregon family afford to pay for a home by interest rate?



Source: HUD, Median Family Income Limits, 2023; OHCS Tabulation of National Association of Realtors MLS Data, Median Sales Price, Seasonally and Inflation Adjusted, 2014 – 2023 homebuying. In March 2020, the Fed lowered the target federal funds rate by 1.5 percentage points down to 0% to 0.25% due to a significant drop in consumer spending—down by 37%—as the economy stalled. This rate reduction, combined with stimulus spending and other public policies, helped consumer spending rebound and the housing market to exceed pre-pandemic levels by mid-January 2021.

However, inflation began to rise sharply in the spring of 2021. Ben Bernanke and Olivier Blanchard (2023) identified three primary causes:

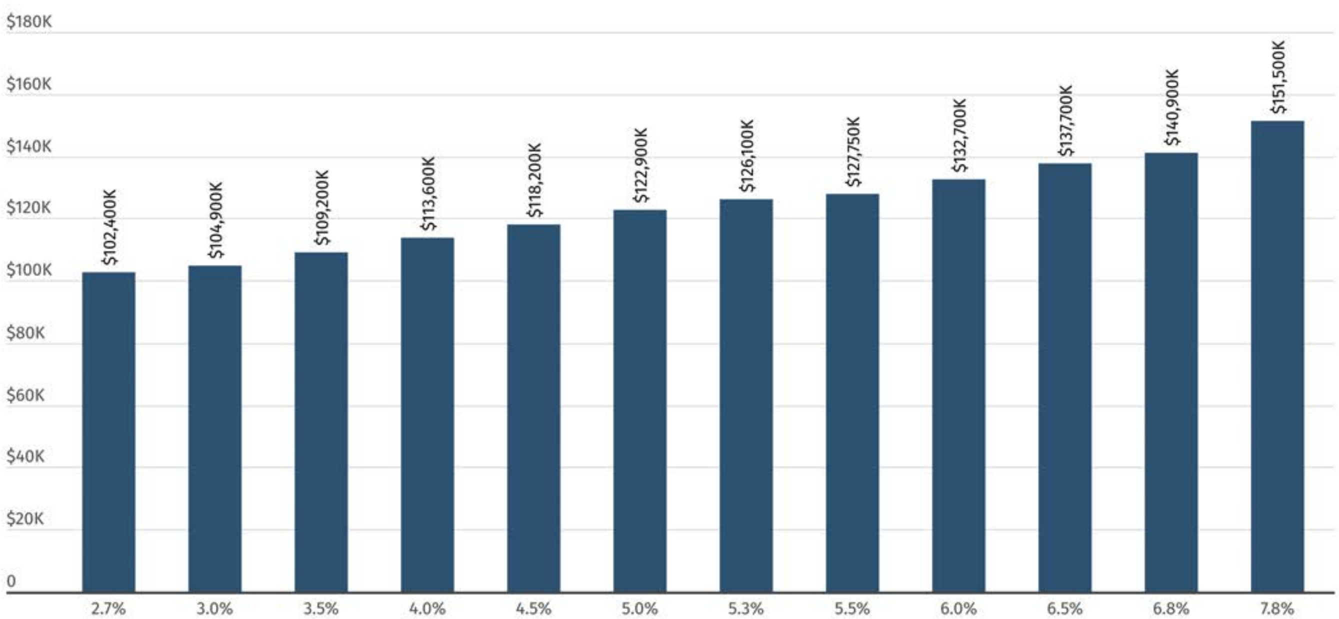
- tight labor market conditions
- high demand for and supply chain disruptions to durable goods
- shocks to food and energy prices

In response, the Fed started increasing the federal funds rate in early 2022 to achieve its target inflation rate of 2%. Since mid-2023, the federal funds rate has been between 5% and 5.25%, and the average mortgage interest rate in 2023 was 6.8%. Between December 2021 and June 2022, the average mortgage rate surged from 3% to 5.3%, an increase of over two percentage points in just six months. This rise in rates priced many Oregonians out of the housing market, pulling the rug out from under prospective buyers in a matter of months. A couple of percentage points may not seem like much, but when a mortgage loan of $400,000 or more is needed to buy a home, it drastically influences affordability.

While low rates averaging just under 3% in 2021 helped offset rising home prices and modest wage gains, the higher rates in 2023 exacerbated the housing crisis. To illustrate, consider a typical Oregon family looking to buy a home

Figure 13

Income needed to afford the median sales price in 2023 by interest rate



Source: HUD, Median Family Income Limits, 2023; OHCS Tabulation of National Association of Realtors MLS Data, Median Sales Price, Seasonally and Inflation Adjusted, 2014 – 2023

at different interest rates (Figure 12). At a 2022 average interest rate of 3%, this family could afford a home worth $498,400. Although this was below the 2023 median sales price of $528,851, it still provided more options. At a 6.8% interest rate, the same family could only afford a home worth $386,800, a decrease of $111,600 in purchasing power. Despite home prices falling from the record highs of 2022 and a slight increase in median family income (according to HUD estimates), the drastic changes in interest rates have undermined these improvements
in affordability.

Another important question is: How much would someone need to earn to afford the typical home in Oregon? In 2021, housing affordability improved despite rising costs, largely due to record-low interest rates averaging 3% for the year. To afford the median sales price of $542,011 in 2021, a family would need an income of $107,500, meaning 40% of families could qualify for that home loan (Figure 13). In 2022, while home prices remained relatively stable at $541,496, the average mortgage rate increased to 5.34%. As a result, the same family would need an income of $126,100 meaning that 34.3% of Oregon families could afford the average home.

By 2023, home prices had declined slightly to $528,900, but the average interest rate spiked to 6.8%. This increased the required income to $140,900, pricing out more households. A couple earning the average wage of just under $65,000 each may struggle to buy a typical home in Oregon.

To illustrate the impact of interest rates on housing costs, the graph below estimates the income needed to afford the 2023 median sales price of $528,900. While low interest rates briefly eased housing costs, Oregonians now face the least affordable housing market since the pandemic began in 2020.

Rental Markets

Rent Surged Past Income Gains Between 2020 and 2022, Well Above Pre-Pandemic Levels in 2023

Unlike the for-sale market, rental prices remained stable from early 2017 to 2020 due to increased residential construction in previous years and slowing in-migration rates. This stability allowed wages to rise during this period, helping to align housing costs more closely with income. Between 2017 and 2019, rent increased by only 2.8%, while renter income grew by 8.6% (Figure 14). However, as the pandemic began and many people lost their jobs, overall rent decreased slightly in the first half of 2020. This reduction, though, did not provide the hoped-for relief. Instead, luxury or high-end rental properties saw price cuts as unemployment rose, but demand for affordable housing surged, leading to stable or even increasing prices—a phenomenon known as reverse filtering. While demand for luxury rentals diminished, competition for standard apartments intensified, contributing to the price rebound Oregon experienced from late 2020 to 2022.

Since the pandemic, the rental and for-sale markets have followed a similar trend of rising housing costs, erasing the renter wage gains achieved over the previous six years. From 2017 to 2022, renter income increased by only 6.3% (impacted by high inflation), while rent grew by nearly 13% from mid-2020 to the end of 2022. In other words, for every dollar renters gained in wages, 60 cents went toward rent increases.

Data from 2023 indicates that rental costs declined by 1.5% year-over-year. However, this minor decrease likely offers little relief to renters, given that other sources of inflation remain high. Rental prices are notoriously sticky and resistant to downward market pressures, similar to

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the for-sale market. For example, rental vacancy rates in Oregon increased from 4% to 6% in 2023—an increase of about two percentage points (Figure 15). Although this might seem like a small change, it brings Oregon closer to the national average and represents thousands of available units that were not on the market in 2022. Despite this increase in vacancies, prices fell by only 1.5%, and current rents remain 14.1% higher than pre-pandemic levels. Historical data on Oregon's rental prices further reinforces this trend, showing steady growth in costs since records began.

When examining costs by year, the average rent for all units increased slowly between 2017 and 2020, rising from $1,261 to $1,284. While this figure may not reflect everyone's experience—submarkets may have seen faster increases or decreases—it suggests that rent hikes were relatively modest during these years, as indicated by the chart in Figure 16. In contrast, average rents in Oregon surged by 7% (nearly $100) between 2020 and 2021 and then by almost 9% (about $169) going into 2022. Over these two years, Oregonians found themselves spending $3,328 more on rent than they had before the COVID-19 pandemic. This was compounded by slow income growth for rental households, largely due to inflationary pressures. Between 2020 and 2022, an additional $2 went towards rent for every dollar increase in wages amid the global pandemic. As rent prices surged, Oregon renters faced significant financial strain, eroding housing security. Eviction moratoriums and safe harbor laws initially delayed evictions and foreclosures. However, as these protections ended, home losses have surpassed pre-pandemic rates, as will be discussed later in this report.

Renters play a crucial role in Oregon's demographic growth and economic expansion, as in-migration primarily drives our population increases. As of 2022, renters are about three times more likely to move than homeowners. However, new arrivals may take time to decide on settling permanently. While slower in-migration might help address the housing crisis, it remains essential for maintaining labor market stability in the coming decades. Oregon, like much of the country, is facing a labor shortage, and without a steady influx of new workers, labor markets and business activity may tighten over time.

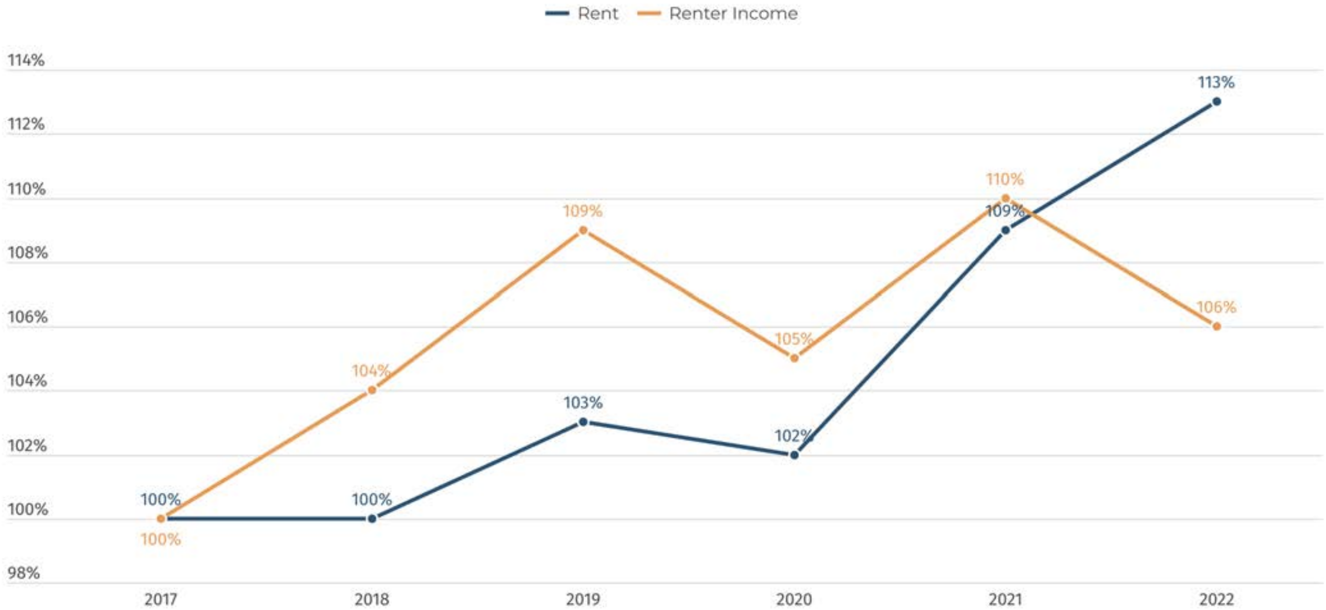
Additionally, economic challenges disproportionately affect renter households because they typically have lower incomes and spend a larger portion of their income on housing costs. Although renters make up only 37% of households in Oregon, they represent 51% of all low-income households (Figure 17). In contrast, more than 43% of homeowner households are considered high-income (earning more than 120% of the Area Median Income).

Low-Income and BIPOC Households are More Likely to be Renters

Due to historical and current barriers to homeownership, renter households are concentrated in lower-income brackets compared to homeowners. For example, the income needed to purchase a home in 2022 exceeded $125,000, while the median household income for renters was around $50,000—less than half of what's required to buy the typical Oregon home. Renters are 2.5 times more likely to be in extremely low-income households earning less than $28,000 and nearly twice as

Figure 14

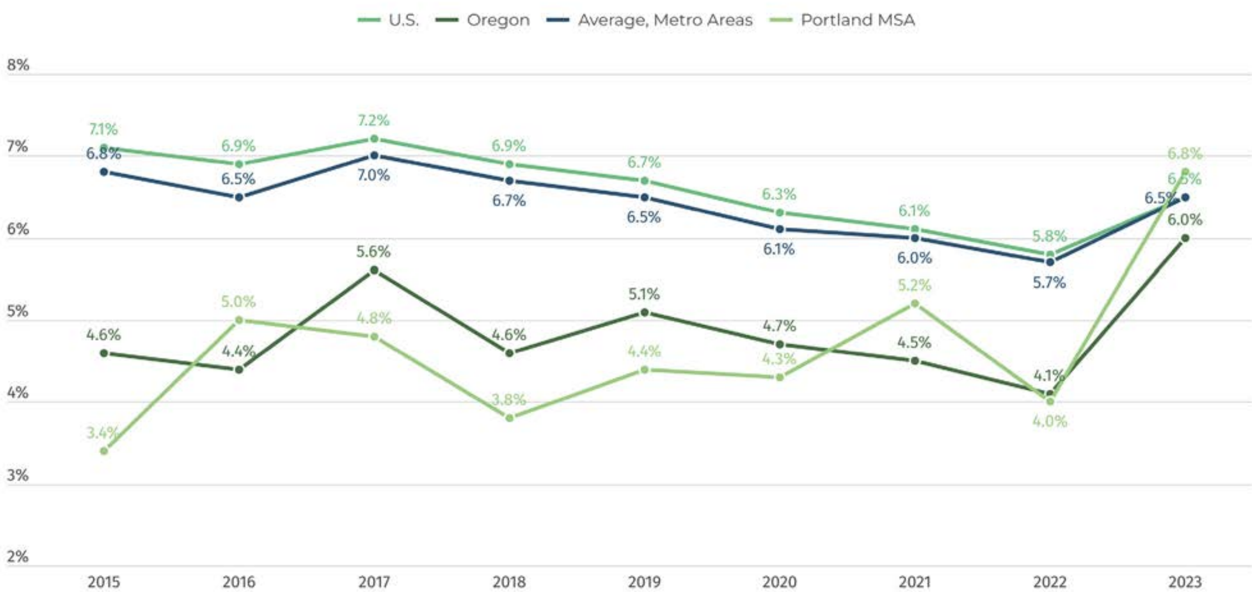
Renter income outpaced rent leading up to the pandemic but were eclipsed by record inflation and rapidly increasing rent between 2020 and 2022



Source: OHCS Tabulation of ApartmentList Rent Index Data, Inflation Adjusted, 2012 – 2023; American Community Survey, 1- Year Estimates S2503, Inflation Adjusted, 2017 – 2022

Figure 15

Rental vacancy rates in Oregon and the Portland metro jumped 2.8 percentage points between 2022 and 2023, but rental prices remained essentially unchanged



Source: OHCS Tabulation U.S. Census, Housing Vacancy Survey, 2015 - 2023

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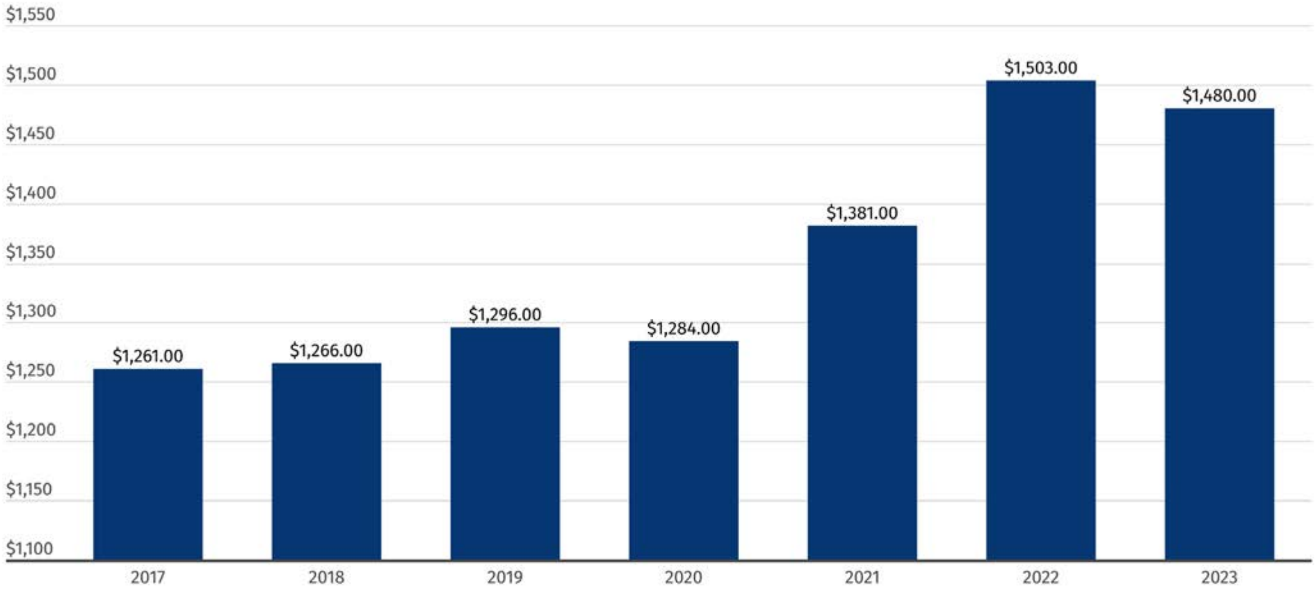
Figure 16

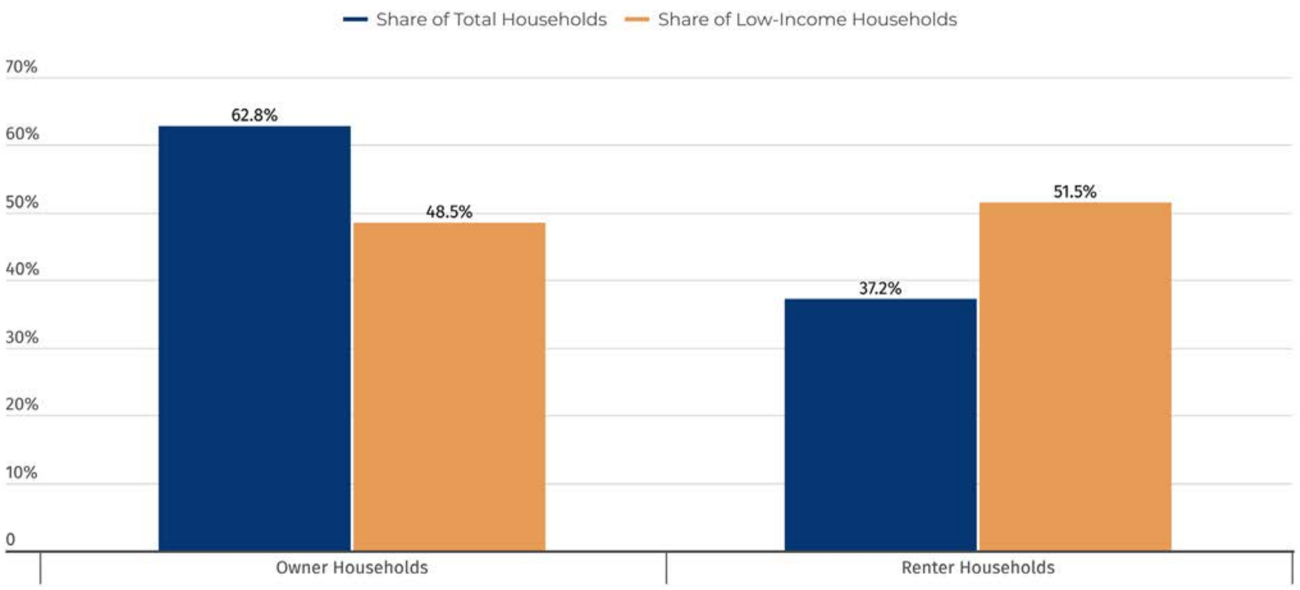
Rent increased by 17% between 2020 and 2022 wiping out housing security for thousands of households



Source: ApartmentList, Rent Index, 2012 - 2023 (Figure 16)

Figure 17

Despite making up only 37% of total households in Oregon, renters account for more than half of all low-income households



Source: OHCS Tabulation of American Community Survey, 1- Year Estimates S1901, 2022

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likely to be in very low-income households earning less than $46,000 in 2022. Two-thirds of renter households are considered low-income, and more than one in four qualify as extremely low-income, aligning closely with the Oregon poverty level (Figure 18).

Another important piece of context is that BIPOC communities, individuals identifying as LGBTQIA+, and women-headed households are more likely to have lower incomes than people identifying as white, cis-gendered, heterosexual men and are therefore also more likely to be renters. Across the state, about 63% of people own their own home, whereas 37% are renters, but it varies widely by race and ethnicity. Native Hawaiian and Other Pacific Islanders, as well as Black or African Americans, have the lowest rates of homeownership, with only 24% and 27% of those households in those respective demographics owning their own homes. This is much less than the 66% of white individuals who own their homes (Figure 19). While the racial homeownership gap between BIPOC and white Oregonians has improved over the last 20 years, from 18.9% to 15.3% in 2022, it has remained about the same for Black and Native Hawaiian and Pacific Islanders.

How gender, sexual orientation, and disability status affect access to housing

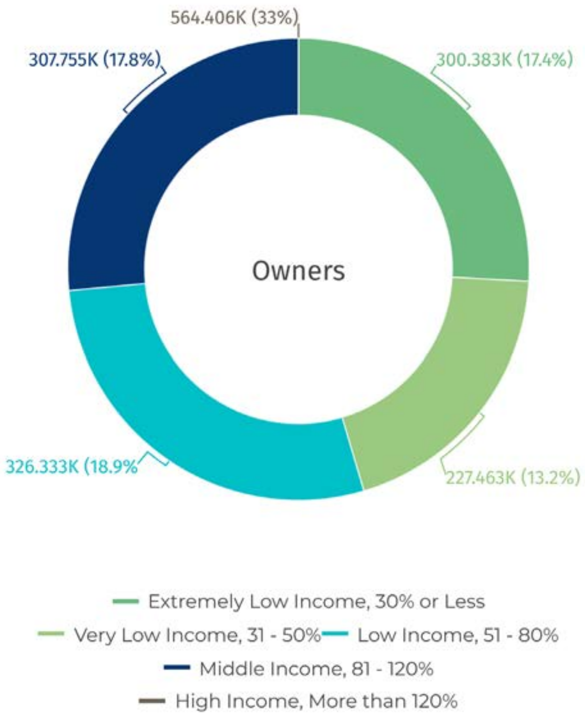
Single female households have a median income nearly 21% lower than their male counterparts and are less likely to own their own homes. The situation is even more challenging for female householders with children, who earn 32% less than their male counterparts. Lower income and less security create significant barriers to homeownership. Women who have never been married are about 6% less likely to own their homes compared to men. However, research from the Urban Institute and the National Association of Realtors indicates that the gender gap in homeownership has improved over the past 30 years. Additionally, first-time female homebuyers are now outpacing their male peers, reversing historical trends. Despite this progress, most gains have been among married women, while women who have never married or are single parents are more likely to rent.

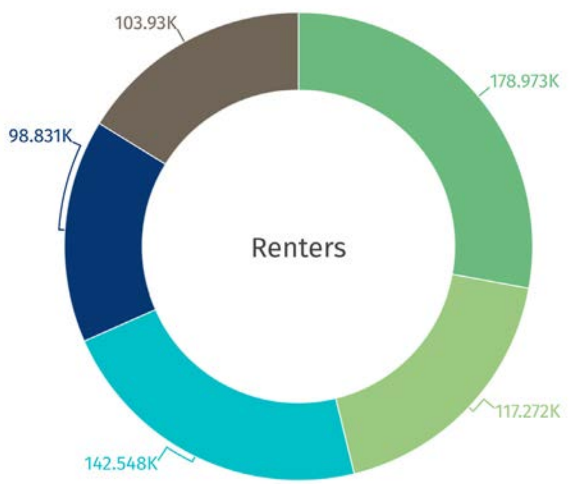
Data on the LGBTQIA+ community is severely lacking, which poses a critical issue for Oregon, where 5.6% of the population identifies as LGBTQIA+, ranking second in the nation behind the District of Columbia at 9.8% as of 2023. Limited data from sources like the U.S. Census Bureau makes it challenging to assess housing affordability for LGBTQIA+ populations. Institutions such as the Urban Institute and UCLA's Williams Institute are working to provide more information, but there is still a significant need for better data and support at both the state and national levels.

A 2023 report from the Urban Institute reveals that "the homeownership rate for LGBTQIA+ people is 20 percentage points lower than for those who identify as straight and cisgender." Part of this gap is attributed to age differences, as straight and cisgender individuals tend to be older than LGBTQIA+ individuals. Additionally, research from the Williams Institute shows that 30% of Oregonians who identify as LGBTQIA+ are food insecure, and 24% have an income of less than $24,000. In comparison, about 14.7% of all Oregonians fall into this income bracket, indicating that LGBTQIA+ individuals are 1.63 times more likely to be part of extremely low-income groups, which may contribute

Figure 18

More than 2 in 3 renter households fall into the low-income category while 1 in 3 homeowners are considered low-income – representing more than 742,000 low-income households in 2022





Source: OHCS Tabulation of American Community Survey, 1- Year Estimates S1901, 2022 and HUD, Income Limits for Oregon, 2022

to their lower homeownership rates and increased risk of housing instability and homelessness. While all Oregonians face a housing crisis, it is crucial to recognize the specific challenges faced by communities less likely to be homeowners.

Persons with disabilities (PWD) also face lower incomes and significant barriers to housing access and homeownership. Like other historically underserved groups, data on housing affordability for PWD is limited, but existing data highlights major economic challenges. For instance, the labor force participation rate in Oregon is 29% for PWD, less than half of the 67% rate for those without disabilities. Median earnings for PWD were $28,012 in 2022, compared to $43,703 for those without disabilities. PWD are also twice as likely to have extremely low incomes (Figure 20). Furthermore, only 30% of housing units in the United States are level one accessible, meaning they would still require modifications to accommodate individuals with moderate to severe disabilities.

Each of these communities is more likely to be renters, fall into lower income brackets, and are less likely to be a homeowner. Further, data is either limited to nearly nonexistent, so the state of housing affordability is almost certainly underreported for BIPOC, LGBTQIA+, and persons with disabilities. However, reports such as Access Denied by Director Allen Hines at Community Vision bring these topics to light and provide much-needed context on the issues that PWD face from affordability to accessibility. As this report will discuss later, low-income renter households are not only the most likely to face cost burden but disproportionately face housing problems ranging from overcrowding to incomplete kitchens or bathrooms.

A Lack of Affordable Housing can Create Further Issues for Labor Markets and Economic Growth

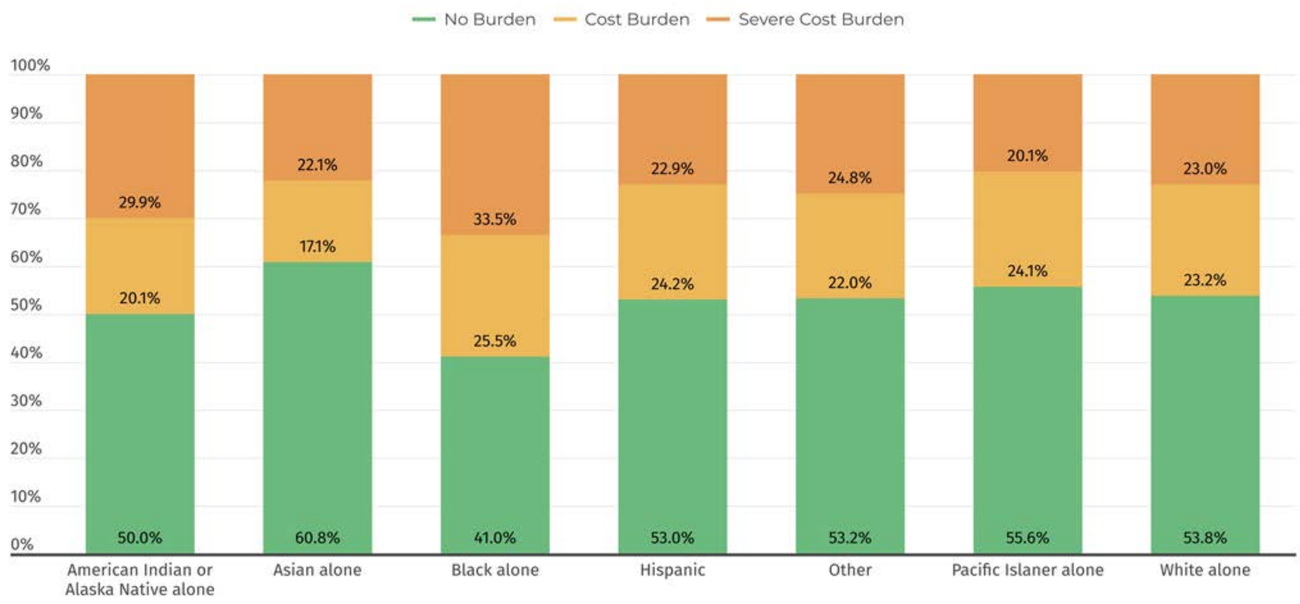
It is important to recognize the significant relationship between housing and labor markets, which can have broader economic consequences for both individuals struggling with housing affordability and employers. High rent prices can deter potential new residents or force families to leave their communities, ultimately impacting economic growth. Employers may face difficulties finding employees if individuals are unable to afford even a one-bedroom apartment, let alone purchase a home.

While housing costs are not the sole factor influencing where people move, they are a fundamental consideration. Factors such as pay and benefits, climate, community, politics, and personal preferences can influence an individual's decision to overcome barriers like high housing costs. However, there is a limit to how much a job can offset the cost of housing in Oregon. When examining rent by census division, the Pacific West is by far the most expensive region and has been since early 2017, followed closely by the East Coast (New England and the Mid-Atlantic). In contrast, East South Central (Alabama, Kentucky, Mississippi, and Tennessee) and West North Central (Iowa, Kansas, Minnesota, Missouri, Nebraska, and the Dakotas) offer the most affordable rent (Figure 21). The West Coast experienced a population boom from the early 2000s until 2020 but has seen stagnation or decline as rising housing costs deterred potential new residents.

An interesting aspect to consider is the rate of change in rent prices across different regions, which reflects migration patterns. For example, areas like West South Central (Texas, Arkansas, Oklahoma, and Louisiana), South Atlantic (Florida, Georgia, etc.), and to a lesser extent, the Mountain West are seeing increased migration, aligning with census population

Figure 19

BIPOC communities more likely to be renters than white counterparts



Source: OHCS Tabulation of American Community Survey, 1- Year Estimates, 2022 data. Before 2020, states like California, Oregon, and Washington experienced rapid rent increases due to strong in-migration. However, the migration trend has since shifted to the West and South. Despite this, the Oregon business community is expected to outpace general population growth over the next decade.

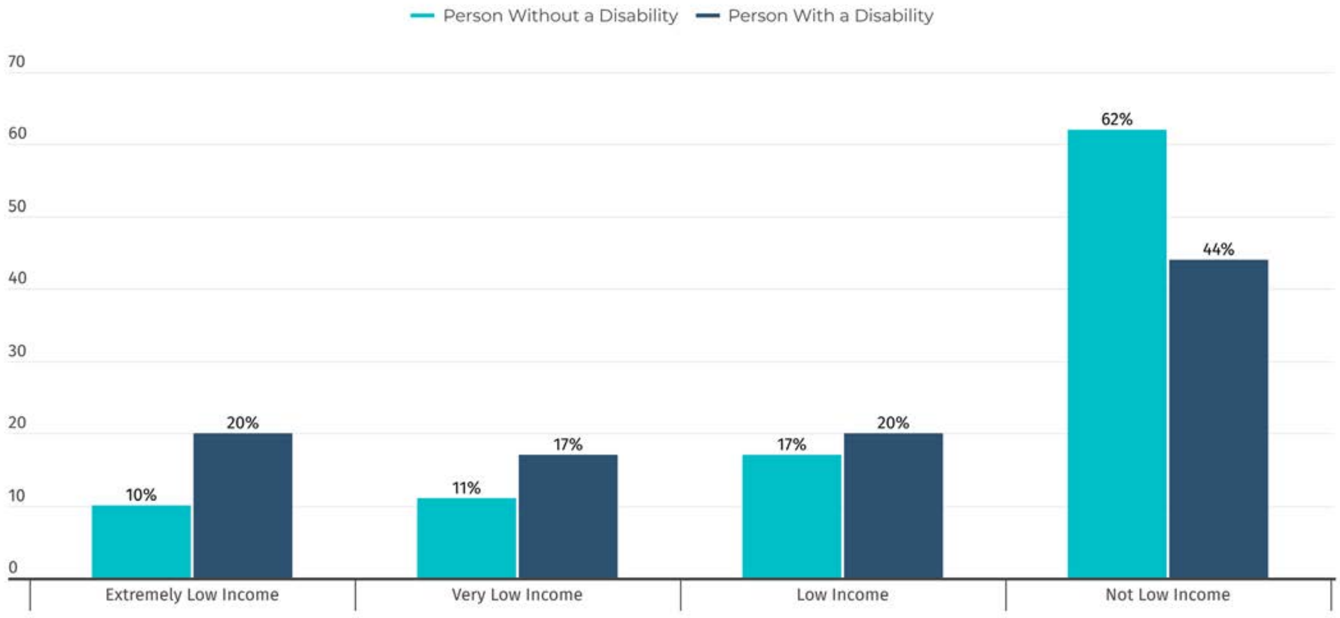
Over the next ten years, Oregon is projected to add more than 221,000 jobs, representing a 10.4% increase from 2.1 million positions in 2022 to 2.3 million in 2032. There will also be a significant number of replacement openings. During the same period, Oregon is forecasted to add about 152,600 people to its prime working-age population (18 to 64 years old). If the projected labor force participation rates for 2032 hold, closer to only 112,000 workers will be available to fill these new positions. While older individuals may work part-time and people can work beyond age 64, the number of workers in these age groups is expected to decline by 2032.

Another key group to consider is those aged 75 to 84, which is expected to be the fastest-growing age range in Oregon, with more than 138,000 people entering this category. However, this group's labor force participation rate is very low, dropping from 29.4% for individuals aged 65 to 74 to only 9.9% for those over 75. When including older workers, there will be about 125,000 workers available to fill the 221,000 new positions, leaving a gap of approximately 96,000. This means that there will be 1.76 job openings for every new worker. Labor shortages are not new to Oregon, which had just over 41,000 difficult-to-fill vacancies as of the most recent job vacancy survey released in Fall 2023. While some of these shortages can be attributed to mismatches between education and job skills, low wages and high housing costs are significant factors affecting the retention of the current labor force and the attraction of new workers. To avoid experiencing a rent burden, a renter should spend no more than 30% of their monthly income on housing costs. With the average cost of a one-bedroom apartment at $1,254 in 2023, a person would need to earn $50,166 to avoid experiencing a rent burden. Anyone earning less than this amount would be rent-burdened by the cost of a typical apartment. About 48% of occupational groups have average wages meeting this definition and will account for 44% of job creation projected through 2032. While options like having roommates or finding less expensive apartments can mitigate this issue, these trends highlight general affordability concerns. Of the 20 occupations expected to see the highest number of new openings between 2022 and 2032, only 14 will be able to afford the typical one-bedroom apartment (Figure 22).

Positions such as registered nurses, general and operational managers, and project management specialists have incomes well above the $50,166 needed to afford a one-bedroom apartment in Oregon. Construction laborers are just above the cutoff, with an average wage of $50,889. However, the 13 occupational categories that cannot afford a one-bedroom apartment account for 23.4% of all job creations expected between 2022 and 2023. This highlights a crucial link between labor and housing markets, especially for the business community. Oregon businesses rely heavily on in-migration for expansion and job creation, and without these workers, future labor shortages could become a serious issue. While more people have been moving to other parts of the country in the early 2020s, addressing housing affordability in Oregon could strengthen the business community and consumer base.

Figure 20

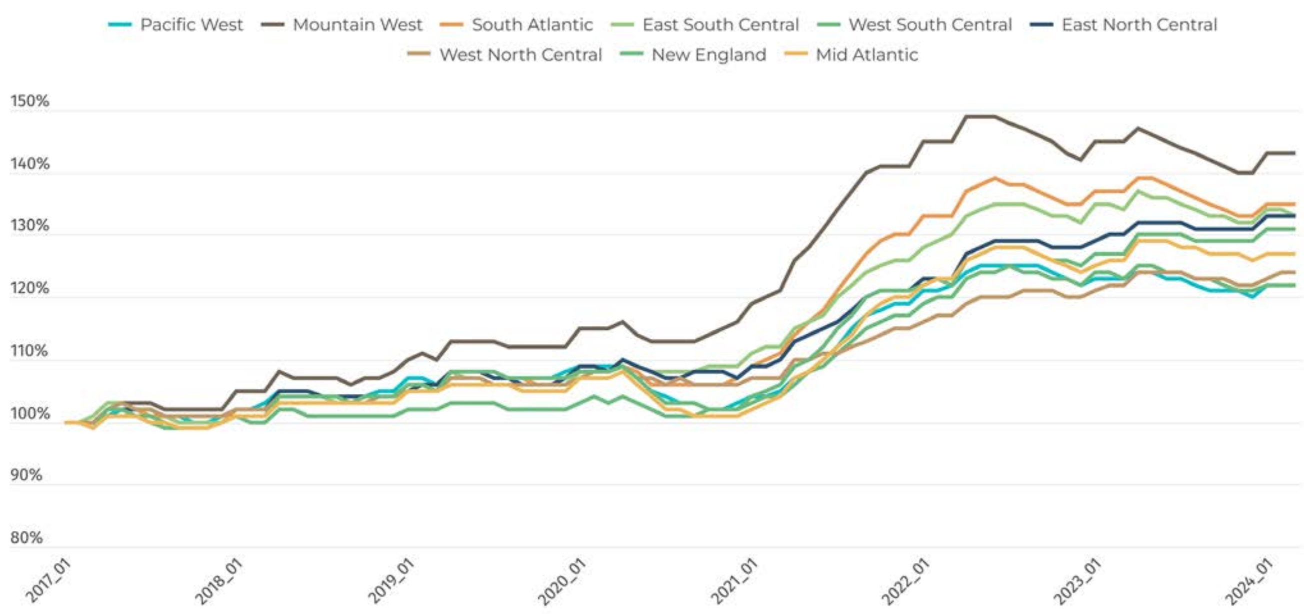
One in five persons with a disability has an extremely low income



Source: OHCS Tabulation of CHAS 5-Year Estimates, 2016 - 2020

Figure 21

The Mountain West, South Atlantic, and East South-Central Regions saw the fastest rent increases



Source: OHCS Tabulation of Apartments List, Historic Rent Estimates, Jan 2017 to Mar 2024, Seasonally Adjusted and Census Divisions

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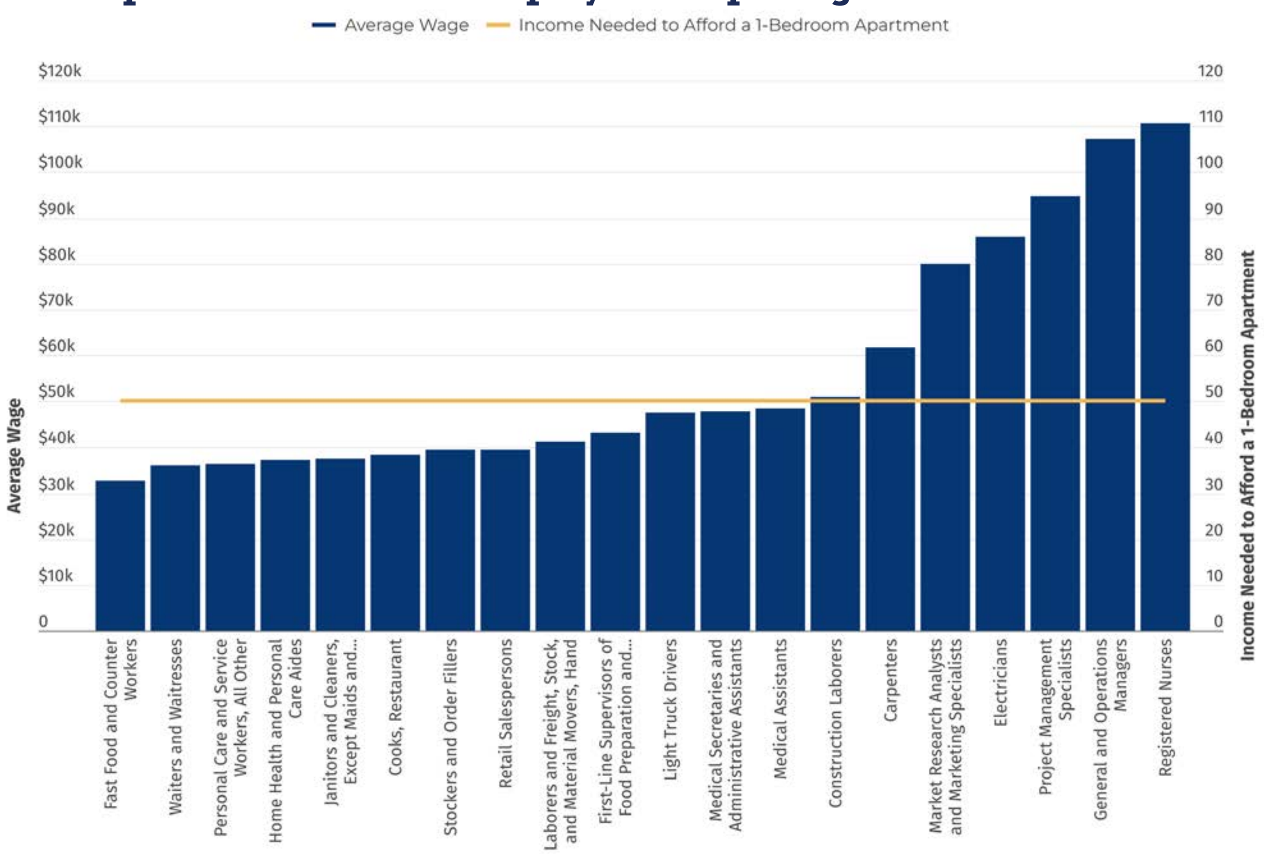
The previous Figure asked whether the median wage for a rapidly growing occupation could afford a one-bedroom apartment. The following analysis shows the share of workers in each field who can afford that same unit. The median wage in Oregon stands at $49,400, significantly lower than the mean wage of $64,385. However, the median is generally used to evaluate housing affordabi0lity. When the mean exceeds the median, it typically indicates a right-skewed distribution, where a few high-income earners elevate the average. This means the mean wage may not accurately reflect housing affordability for the typical Oregonian, while the median is more useful for assessing general affordability. In any case, only 47.3% of employed Oregonians can afford the typical one-bedroom apartment (Figure 23). This disparity is most evident when evaluating different occupational categories.

Jobs can be classified into various types using the Standard Occupational Classification (SOC) system provided by the Bureau of Labor Statistics. Certain occupation groups earn high incomes, and nearly everyone in those fields can afford an apartment. More than 90% of workers in architecture, legal, computer, and mathematical fields, and management can afford a one-bedroom apartment, followed closely by those in business and financial operations at 85%.

Figure 22

Of the 20 fastest growing occupations, 13 can't afford a 1-br apartment which represents 30% of all employment openings between 2022 and 2032



Source: OHCS Tabulation of Employment Department Wage Information and Employment Projects, 2022 – 2032 and Apartments List, Historic Rent Estimates, 2022

Individual wage records are suppressed to ensure confidentiality, so the minimum earners for each category are unknown. Therefore, it is only possible to say that "more than 90% of workers in X occupation can afford a one-bedroom apartment." On the other hand, people with occupations in food preparation, building/grounds cleaning and maintenance, and personal care are least likely to afford a one-bedroom apartment. Individuals in these fields face the greatest impact of the housing crisis, and businesses may struggle to retain or attract the necessary workforce.

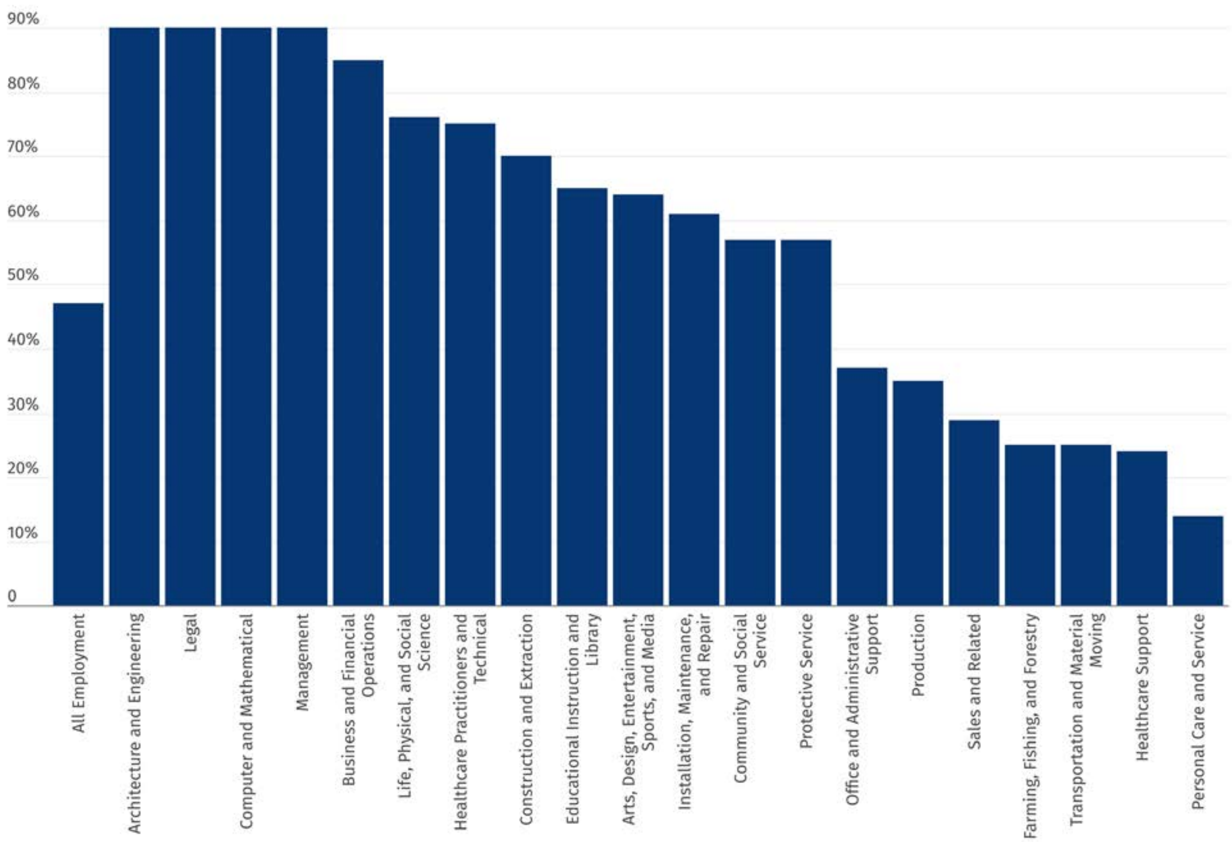
The housing crisis will continue to negatively impact Oregon's business community, but it also carries a profound human cost. The exclusion from homeownership and rising rent prices lead to insecurity and instability, which not only affect the well-being of those struggling to pay but also increase the risk of eviction, foreclosure, and ultimately, homelessness. The connection between restrictive housing markets, oppressive rent prices, and stagnant wages—further eroded by inflation—is undeniably linked to the homelessness crisis seen in Oregon today.

Energy Burden as an indicator of housing instability

Energy burden is a crucial indicator of financial instability and the strain of

Figure 23

Less than 50% of employed Oregonians can afford the average 1-br apartment in 2023



Source: Oregon Employment Department, Employment and Wage Estimates, 2022 (Figure 23) maintaining stable housing. Earlier in this report, we identified housing cost burden as a threat to housing stability for hundreds of thousands of households across the state; energy burden presents a similar challenge.

Energy burden refers to the percentage of a household's monthly income spent on utility or energy bills. Households that spend more than 6% of their monthly income on energy costs are considered energy-burdened and are at risk of energy insecurity. Those spending more than 10% of their monthly income on energy costs are classified as severely energy-burdened. Research has shown that energy insecurity—struggling to meet basic heating, cooling, and energy needs—can lead to housing instability . Therefore, understanding energy burden is essential for understanding how households face financial instability and insecurity in covering basic living costs.

Like housing cost burden, energy burden affects low-income households more acutely than middle- and high-income households. In addition, Black, Hispanic, and Native American-headed households experience disproportionately high energy burdens compared to white-headed households. These communities often face poor housing conditions, such as older units that require more heating and lack energy-efficient appliances, as well as barriers to accessing financial assistance. These factors exacerbate the problems of energy burden, as the households in greatest need frequently encounter obstacles or discrimination when seeking help.

Energy Burden in Oregon

In 2018, under the direction of then-Governor Kate Brown, OHCS, the Public Utilities Commission, the Department of Energy, and the Energy Trust of Oregon collaborated on a report addressing energy burden across the state and strategies to alleviate it, particularly for low-income households. The report highlighted that low-income households in Oregon experience a higher energy burden compared to middle- and high-income households. One way to alleviate this burden is increased investment in energy assistance programs provided at both the federal and state levels.

A report released by PGE in April 2024 examined their service to 800,000 households and found that 140,000 of these households have a high energy burden, defined as spending more than 6% of their monthly income on energy costs. Of these 140,000 households, 118,000 are low-income, living below 60% of the Area Median Income (AMI). Additionally, low-income, energy-burdened households pay an average of $2,300 annually in electricity bills, compared to $1,900 for the average household regardless of income. This indicates that low-income households not only spend a higher percentage of their income on energy but also incur higher total energy costs compared to households across all income levels.

Energy burden is measured based on two primary factors: household income and the total cost of energy bills. However, this measure does not account for other costs, such as transportation or fuel, which can also strain household finances. In 2019, OHCS developed an energy burden dashboard to identify counties with the highest levels of energy burden. The data from 2019 show that the southeastern part of the state, including Malheur, Harney, Lake, and Klamath counties, experiences the highest levels of energy burden, particularly among households at or below the poverty level.

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Housing Challenges

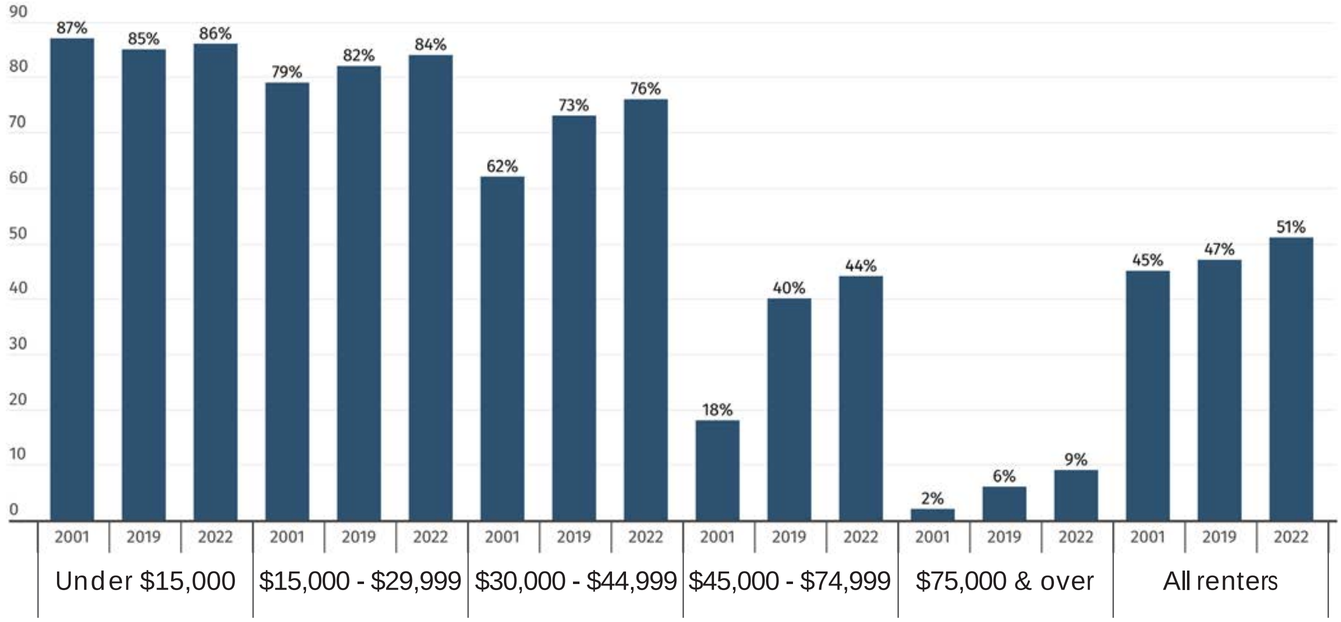
Few options exist for Oregonians who cannot afford to buy a home or keep up with monthly rent payments. While moving to a new apartment or relocating within the state is possible, it often requires significant money and uproots individuals from their communities. Moreover, losing population harms economic prospects. Out-migration not only reduces the local labor force but also decreases the consumer base, further impacting business activity. Individuals who spend more than they can afford on housing are considered housing cost burdened. Typically, this means spending more than 30% of their gross income on housing costs, with spending 50% or more considered severely cost-burdened. These households are at the highest risk for evictions, foreclosures, and, ultimately, homelessness.

Research from the University of Washington and Washington State reviewed numerous variables to identify the leading predictors of homelessness in 2023. Unsurprisingly, the housing cost index for a state was the most significant predictor of homelessness, followed by transportation and grocery costs. Increases in major living expenses, such as those reflected in the cost of living index (COLI), typically precede rises in homelessness. This finding is intuitive and supported by the study's statistical analysis Oregon is ranked the 8th most expensive state to live in, outranked only by other West Coast states (Washington, California, Alaska, and Hawaii) and several East Coast states like New York and Massachusetts. When considering only the housing cost index, Oregon ranks 6th, surpassing Washington and Alaska in that category. A full breakdown of the cost of living index can be found here.

Based on this information, it is no surprise that Oregon and these other states

Figure 24

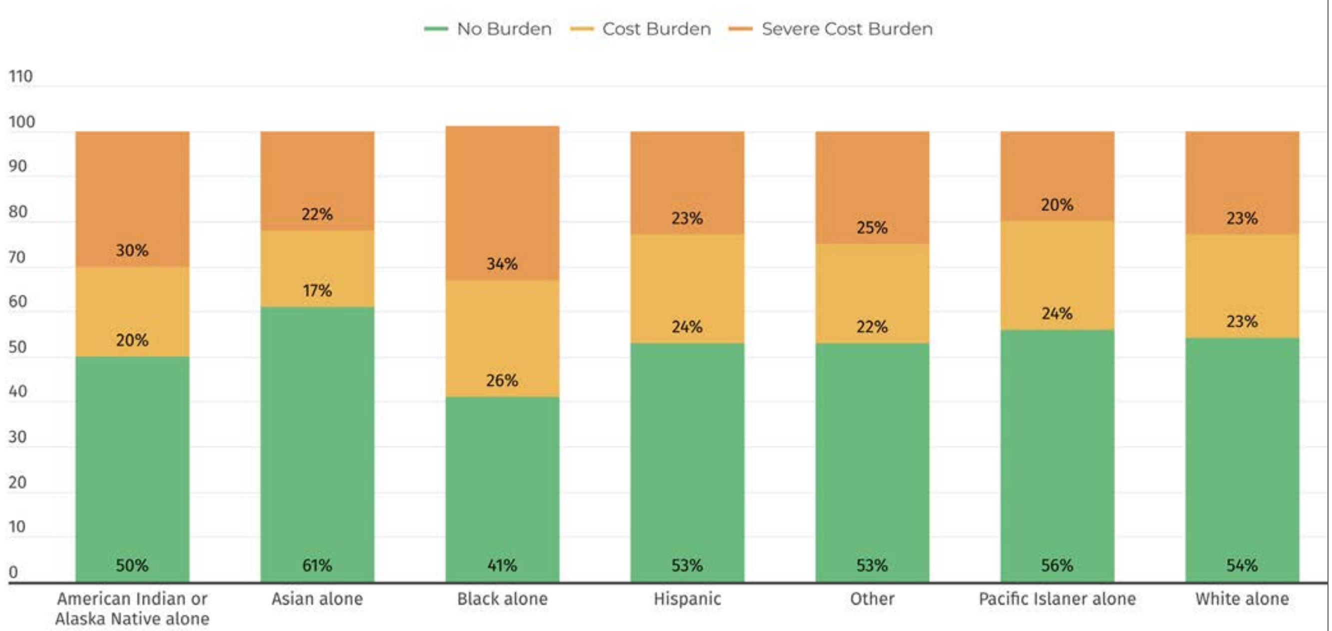
Rent burdening has been long-term issue for lower-income households, but it has started to affect higher income brackets over the last 20 years



Source: OHCS Tabulation of American Community Survey 1-Year Estimates and Harvard University, Joint Center for Housing Studies, America’s Rental Housing, 2024

Figure 25

BIPOC communities are disproportionately impacted by rent burden



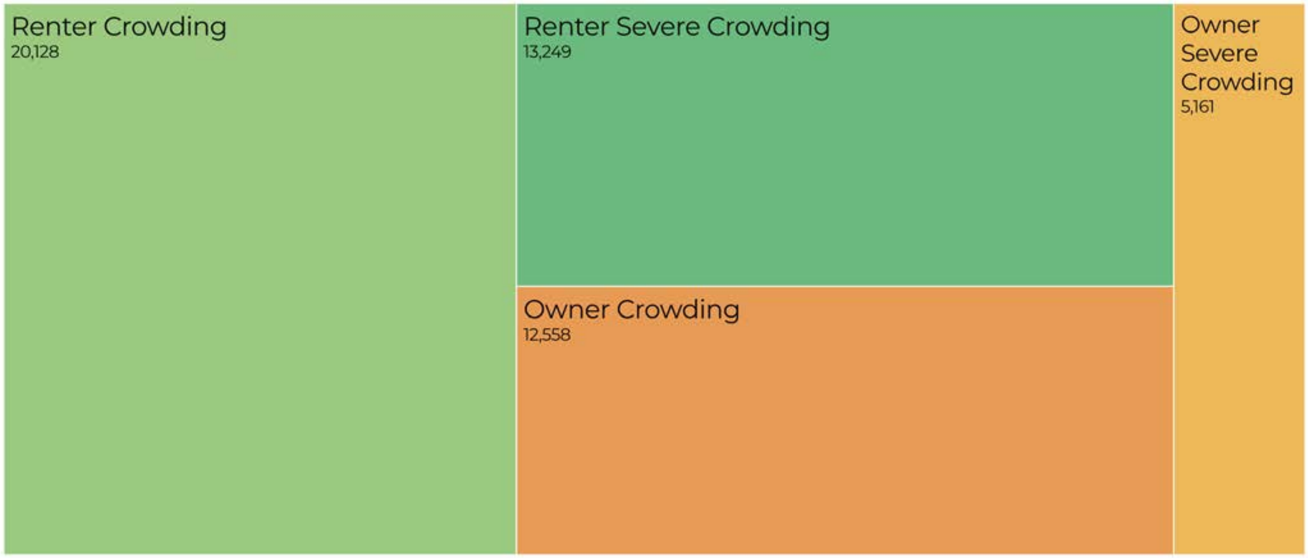
Source: OHCS Tabulation of CHAS Data 5-Year Estimates, 2016 - 2020 have a high percentage of housing cost-burdened renters. More than 320,000 (53%) renter households experienced rent burden in 2022, up from 47% in 2019 before the pandemic. Households unable to afford basic expenses are at a higher risk of eviction and foreclosure while facing impossible financial decisions between necessities. Moreover, 1 in 4 Oregon households spent more than 50% of their income on rent, meeting the definition of severe rent burden and experiencing even greater housing precarity. When a paycheck is mostly spent on securing a livable space, there is less left for essentials like childcare, food, transportation, and medicine. Over 320,000 Oregon households are a paycheck away from eviction and at risk of losing their homes.

Cost burdening is not a new issue for low-income households. Housing affordability challenges affect households in various income brackets and continue to deepen for those already struggling. Since the early 2000s, over 80% of households earning less than $30,000 a year (slightly above extremely low income) have been rent burdened. What higher-income households are beginning to face today has long been experienced by lower-income groups. However, cost burdening for those earning $45,000 to $75,000 (very low to low income) has increased by 144% since 2001, as affordability continues to erode in Oregon. Although still relatively rare, the incidence of cost burdening for households earning $75,000 or more has risen from nearly nonexistent at 2% to over 9% in 2022 (Figure 24).

Rent burdens disproportionately affect certain groups, such as BIPOC communities, people with disabilities, and people who identify as women. These groups are not only overrepresented among renters but also tend to have lower incomes due to wage gaps and systemic

Figure 26

More than 51,000 Households in Oregon are considered overcrowded



Source: OHCS Tabulation of American Community Survey 1-Year Estimates, 2013 -2022

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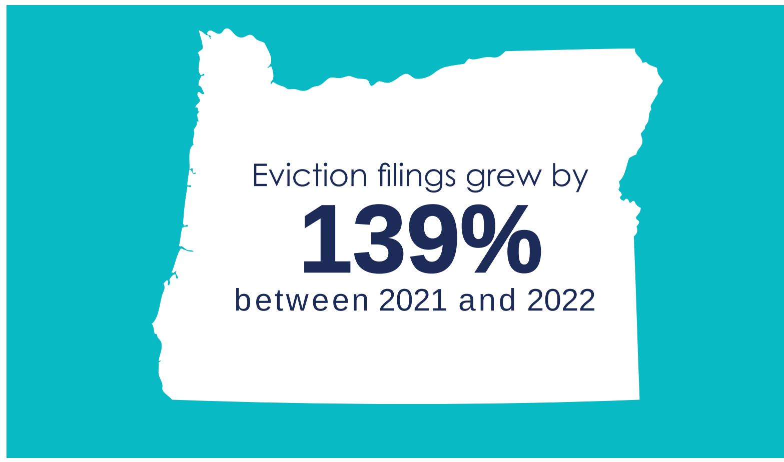
oppression, creating a compounded disadvantage. On average, female renters are more likely to be cost-burdened than their male counterparts, and similar disparities are seen across different races and ethnicities. For example, 67% of Black renters are cost-burdened compared to 46% of white renters, a gap of over 20 percentage points (Figure 25).

When faced with high housing costs, options are often limited, and untenable prices can lead to poor living conditions. Common responses to rising rents include getting a roommate or moving in with family, which can lead to overcrowding—a persistent issue in Oregon over the past decade. Over 5% (33,377) of renter households experience overcrowding (1.01 to 1.5 occupants per room) or severe overcrowding (more than 1.5 occupants per room). While the proportion of crowded households has remained relatively stable over the last decade, the number of overcrowded renter households has increased by 9.6%, reflecting a growing issue for Oregonians. Crowding is a social determinant of health, which means it can adversely impact mental health, increase stress, and harm parent-child relationships, among other issues, as documented by studies from the National Institutes of Health. Although less common in owner-occupied units (1.6% of owner households), overcrowding still occurs regardless of occupancy type. In total, over 51,000 households live in crowded conditions, highlighting significant issues related to housing quality as well (Figure 26).

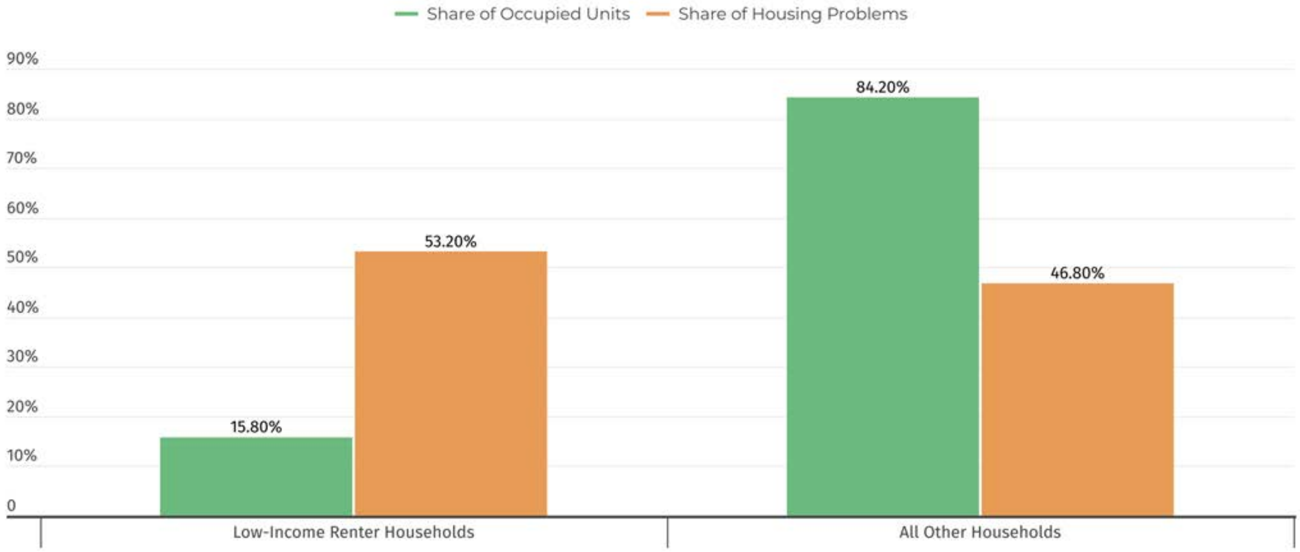
According to the Department of Housing and Urban Development (HUD), housing problems include overcrowding, incomplete plumbing, and incomplete kitchens (cost burdening is another factor, but is not considered here since it has already been discussed). Although homes with incomplete plumbing or kitchens are relatively rare, they are notably prevalent among low-income renters. Low-income renters are 3.3 times more likely to experience one or more of these HUD-defined housing problems compared to all ownership types. In fact, 53.2% of all housing problems are found within the low-income renter category, while the remaining 46.8% are spread across other ownership and income



brackets (Figure 27).
The burden of housing costs often leads to evictions and foreclosures. Data from Evicted in Oregon indicates that 75% to 85% of evictions are due to nonpayment of rent rather than other causes. From 2000 to 2018, an average of 23,200 evictions were filed each year, with a significant drop in 2020 and early 2022 due to the eviction moratorium and safe harbor laws that delayed removals. However, eviction filings have surged since these protections ended in July 2022. Despite safe harbor protections lasting until June 2022, eviction filings increased by 139% between 2021 and 2022. While 6,885 evictions were filed in the first half of 2022, the latter half saw nearly 12,000 filings. Current data suggests that evictions have not slowed down,

Figure 27

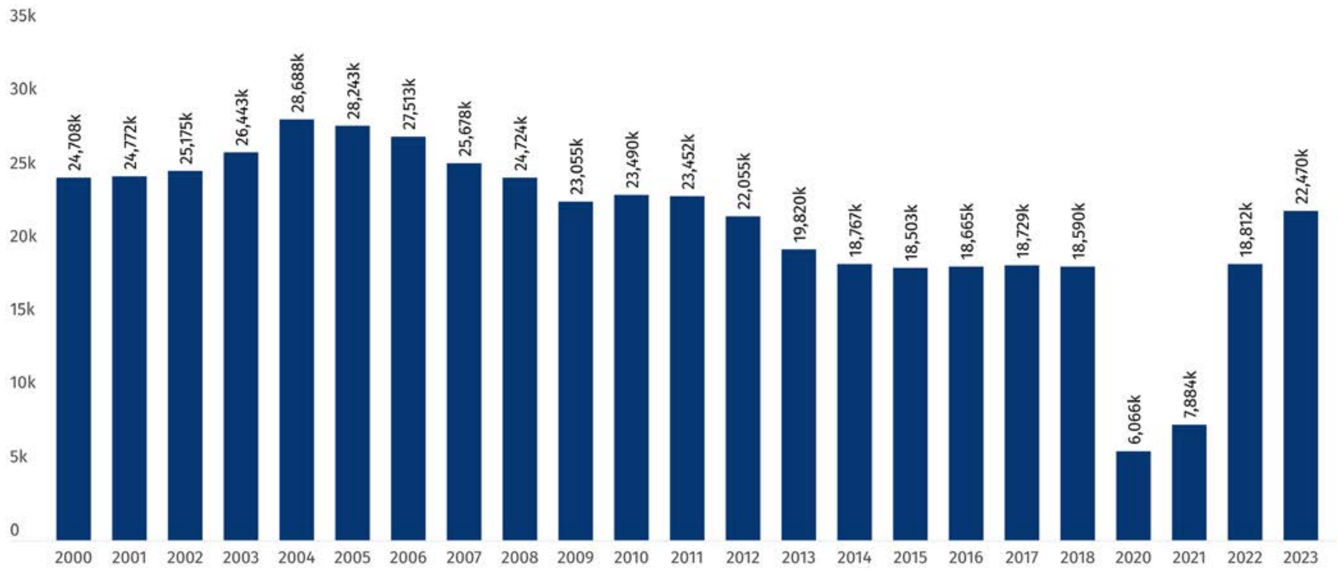
Low-income renter households account for 53.2% of housing problems despite constituting only 15.8% of all occupied households



Source: HUD, CHAS 5-Year Estimates, 2016 - 2020

Figure 28

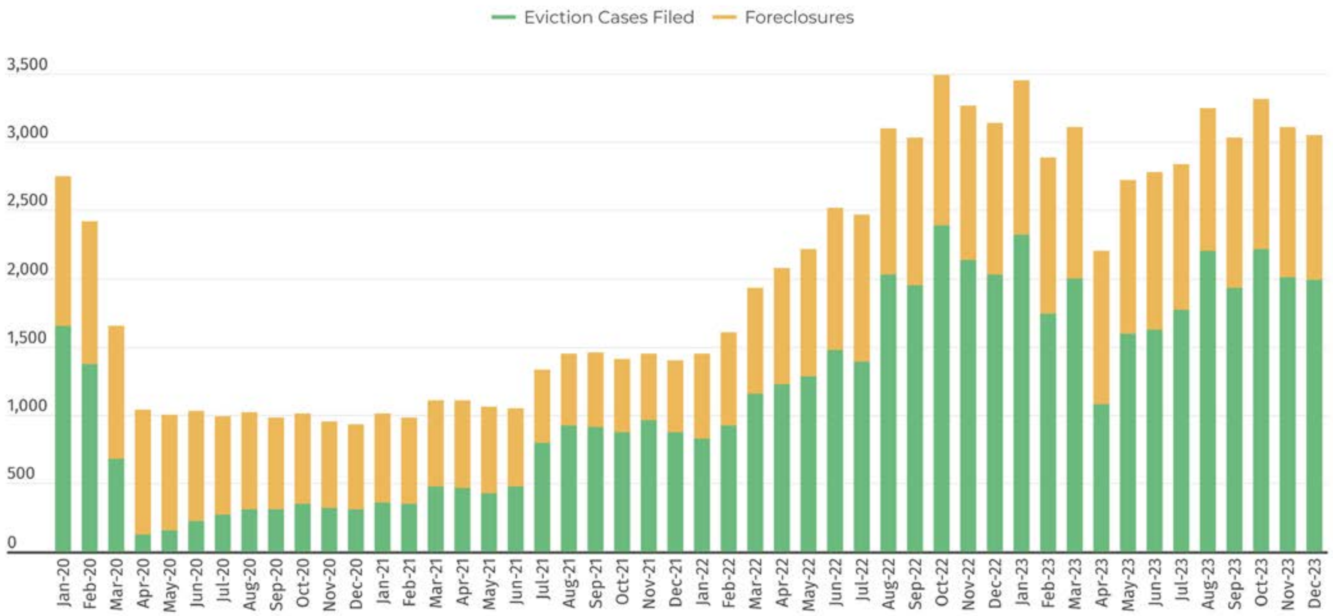
After a substantial reprieve in 2020 and 2021, eviction filings in 2023 are at the highest level since 2011



Source: OHCS Tabulation of Evicted in Oregon and Eviction Lab Data, 2000 - 2023

Figure 29

Foreclosures declined by 40% during 2021 and early 2022, but have since rebounded to pre-pandemic rates



Source: OHCS Tabulation of Evicted in Oregon and CoreLogic Data, 2020 - 2023

with 2023 recording the highest number of eviction filings in the past 12 years (Figure 28). Early 2024 figures from January and February indicate that elevated eviction filings may continue throughout the year.

Foreclosure rates, while less dramatic than eviction filings, also saw significant changes. Foreclosure filings dropped by about 40% year-over-year between 2020 and 2021 and remained low in early 2022. However, foreclosures returned to pre-pandemic levels by August 2022 and have remained steady through early 2024 (Figure 29). Though less common than evictions, foreclosures still result in the loss of a home and community, leading to instability and turmoil. Not all eviction filings result in evictions, and missed mortgage payments do not necessarily lead to foreclosures. However, research from Evicted in Oregon shows that being named as a defendant in an eviction case can exacerbate preexisting issues like unemployment or mental health concerns. Similarly, foreclosures can hinder an individual's ability to secure a mortgage in the future, as they remain on credit reports for seven years. These negative feedback loops contribute to significant precarity and create additional hurdles to housing security.

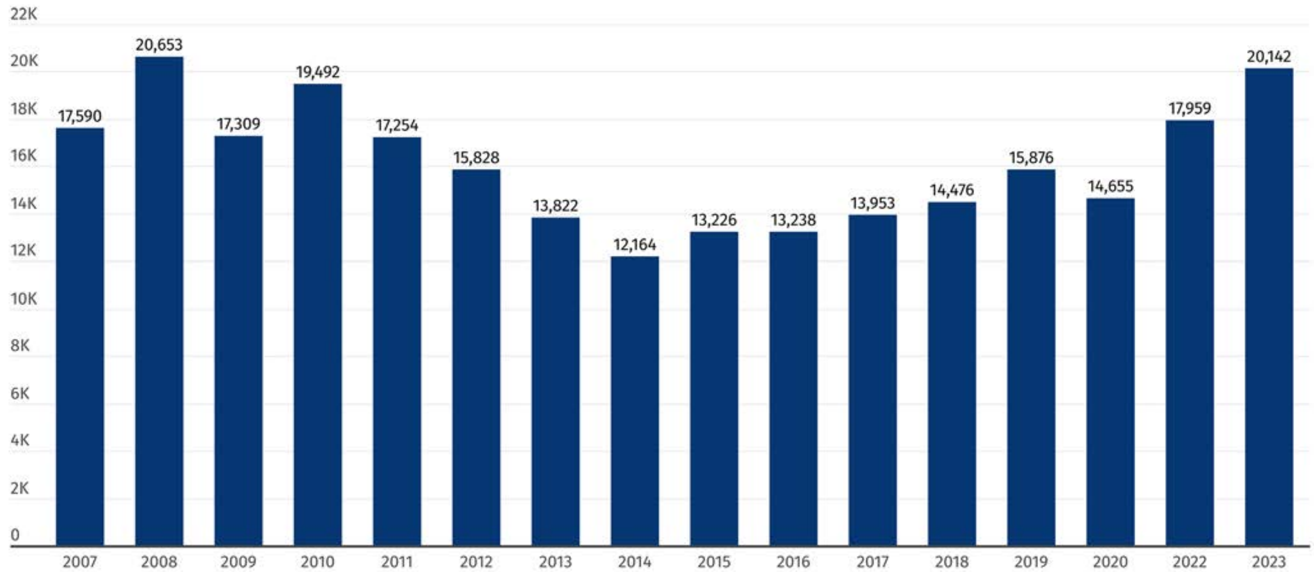
Homelessness

Perhaps no form of poverty is as visible and visceral as a person without a home. While other issues are certainly critical, homelessness is a stark reflection of systemic failings and the real risk many Oregonians face if they are struggling to earn an adequate income or access needed services and benefits. It is closely tied to an inability to afford essentials like health care, education, food, and transportation. Additionally, homelessness is not static; its characteristics can change over time. Today, homelessness in Oregon is more chronic and unsheltered than it has been in the past 15-20 years, according to one estimate of homelessness, the Point-in-Time (PIT) count. As homeownership becomes more exclusive and fewer people can afford rent, homelessness is a natural consequence of the housing crisis.

In the last decade, the number of people without a home in Oregon has increased by 45%, or 6,320 individuals, ranking the state 6th in the nation. The 2023 PIT count reported 20,142 homeless individuals, the highest number since 2008 (Figure 30). Only significantly larger states like California, Washington, New York, and Florida have higher numbers. Further, Black or African American and Native Hawaiian, or other Pacific Islander communities are more than twice as likely to experience homelessness in Oregon. The PIT Count is a census of people experiencing both sheltered and unsheltered homelessness on a single night in January. It is conducted in Oregon by the eight Continuums of Care (CoCs) that receive funding for homeless services from HUD, and each CoC has slight variations in how they conduct the count. It's important to remember that the PIT Count only captures people experiencing homelessness on a single night. so it doesn't capture changes throughout the year. It also does not

Figure 30

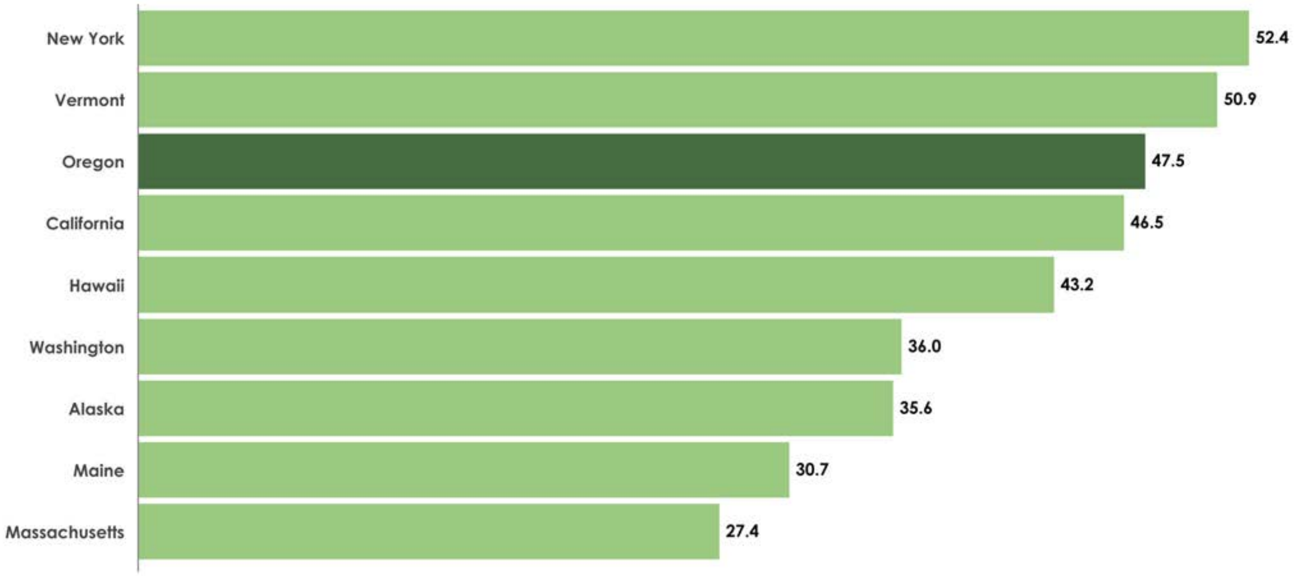
Homelessness in 2023 is the worst Oregon has seen since the height of the Great Recession



Source: OHCS Tabulation of Point-in-Time Survey Data, 2007 - 2023

Figure 31

Oregon ranks third in terms of homeless persons per capita

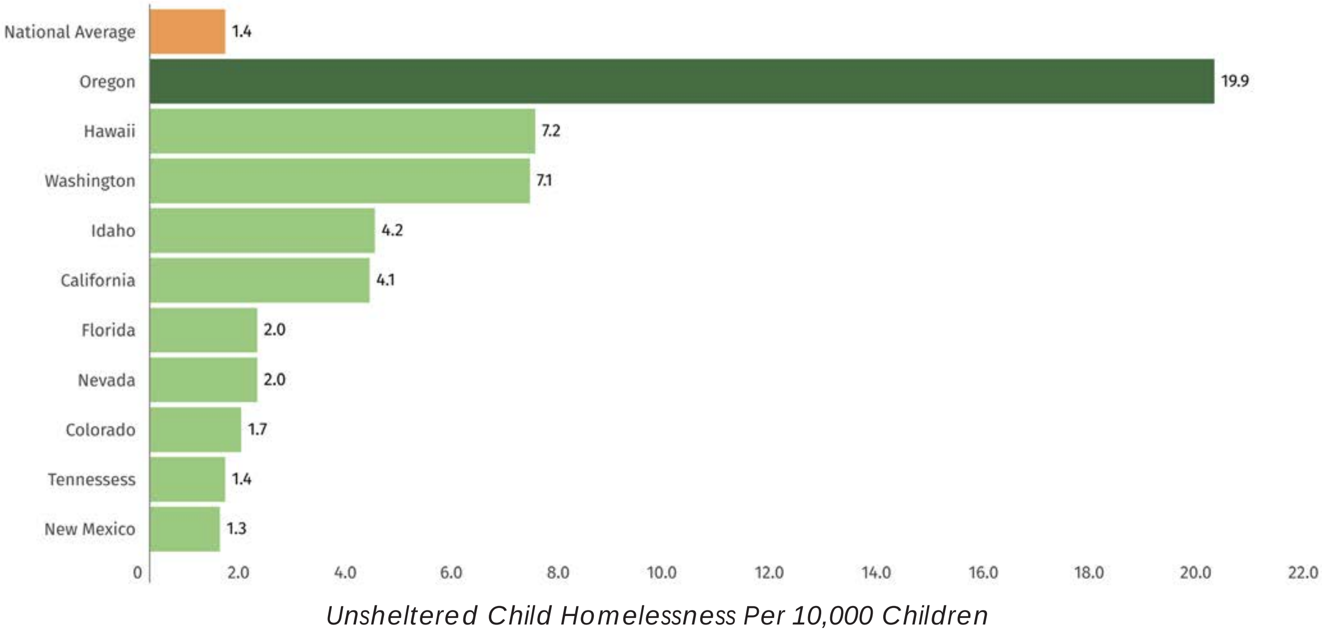


Persons Without Housing Per 10,000 Residents

Source: OHCS Tabulation of Point-in-Time Survey Data, 2007 - 2023

Figure 32

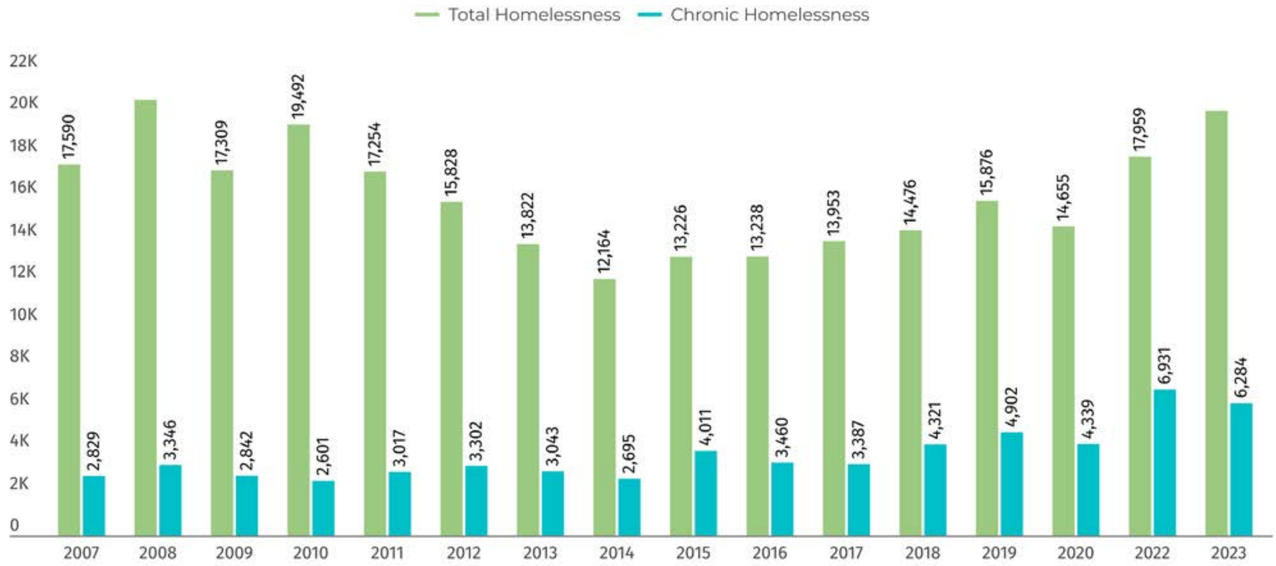
Oregon ranks worst in the country for unsheltered homelessness among children according to 2023 PIT data



Source: OHCS Tabulation of Point-in-Time Survey Data, 2007 - 2023

Figure 33

Chronic homelessness has almost doubled as a share of total homelessness over the last 15 years – 3 out of 10 Oregonians experiencing homelessness in 2023



Source: OHCS Tabulation of Point-in-Time Survey Data, 2007 - 2023

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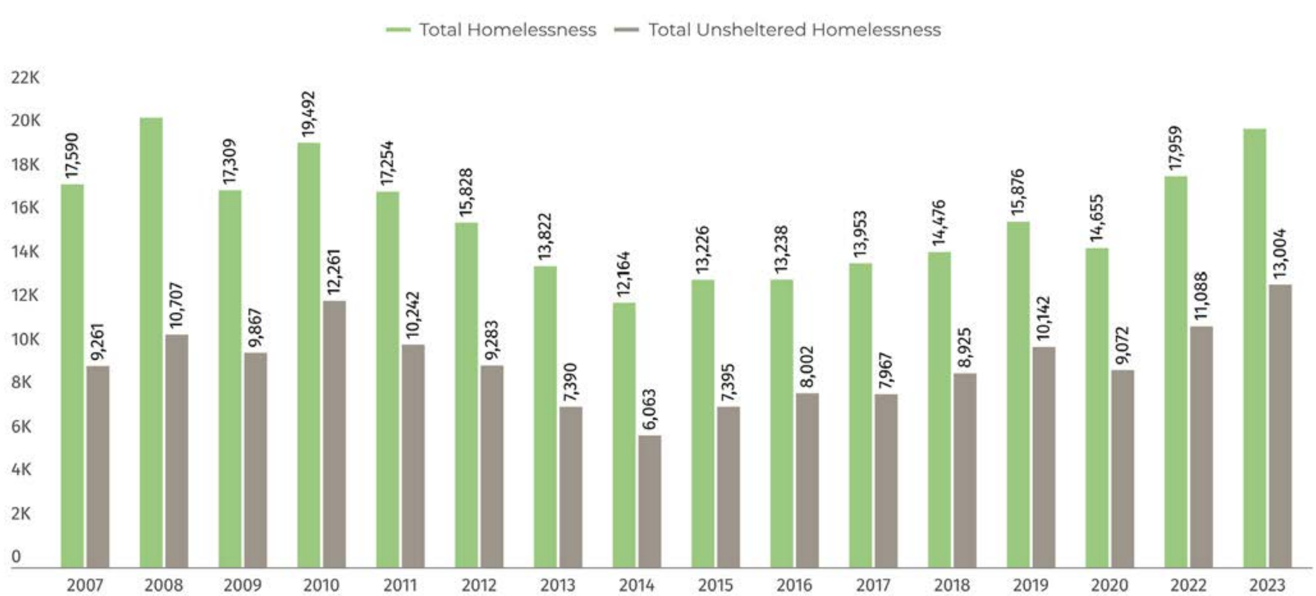
capture those who don't meet HUD's definitions of homelessness, such as people living with friends or family, nor does it capture those who simply don't want to be counted. The PIT is instructive for capturing critical information on those experiencing homelessness but should not be relied on as a sole source of information on this population.

Homelessness has been a consistent issue over the last decades but decreased as the state recovered from the Great Recession into the mid-2010s. However, as population growth surged and housing costs soared, the trend reversed, with homelessness steadily increasing from 2015 onward (2021 was excluded due to COVID-19 impacts on the PIT count). The 2023 PIT figures, surpassing 20,100 individuals, are comparable to the peak during the Great Recession. This represents a 12.2% increase from the previous year and highlights the rapid evolution of the housing crisis. From January 2020, just before the pandemic, to 2023, homelessness has risen by 37%, making Oregon the 8th fastest in the nation for increases in homelessness over those three years.

Population estimates show that Oregon, with about 4.5 million residents, is relatively average in size, ranking 27th among states. To understand the extent of homelessness in Oregon, it's useful to account for population differences, as the states with larger homeless populations are also significantly bigger—California, New York, Texas, Florida, and even Washington. When adjusted for population size, Oregon ranks 3rd in homelessness per 10,000 residents, with 47.5 homeless individuals per 10,000 residents (Figure 31). This places Oregon behind only New York (52.4) and

Figure 34

Unsheltered homelessness has become more common since COVID than it was in the prior 12 years



Source: OHCS Tabulation of Point-in-Time Survey Data, 2007 - 2023

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Vermont (50.9). Homelessness per capita figures highlight the concentration of homelessness on the coasts, with the top ten states dominated by coastal regions, while Texas and Florida fall below the national average of 19.6.

One of the most concerning data points is where Oregon ranks for homelessness among families with children. While Oregon consistently ranks in the top 10 for various homelessness metrics, it is #1 for unsheltered child homelessness, with a rate of 19.9 per 10,000 children (Figure 32). This rate is more than 14 times higher than the national average of 1.4 and 2.75 times worse than Hawaii, which has a rate of 7.2. Data from McKinney-Vento reports suggest that child homelessness is increasing, with the number of homeless students rising by 17% and the share of homeless students in total enrollment increasing from 3.32% to 3.89% between the 2021-2022 and 2022-2023 school years. Nine school districts reported a "high" rate of student homelessness, with over 10% of their students experiencing homelessness; two rural districts had rates of 20% or more. The lifelong trauma caused by the instability of homelessness can profoundly impact a child's well-being.

Oregon also lacks the necessary infrastructure and staffing for emergency shelters and permanent supportive housing to adequately address the homelessness crisis. Two key metrics for evaluating the support needed for Oregonians without homes are unsheltered homelessness and chronic homelessness.

Unsheltered homelessness is straightforward: it refers to individuals living outside or in places not intended for human habitation, such as abandoned buildings or camping grounds. Chronic homelessness, however, has a stricter definition. It applies to individuals who 1) have lived in an uninhabitable place for at least a year or have lived in such conditions four times over the past three years, and 2) are struggling with a mental illness, substance use disorder, or a physical disability. According to Community Solutions, both types of homelessness can have severe impacts on those who experience them, significantly altering or even shortening their lives. For example, chronically homeless individuals are 11.5 times more likely to die than the general population.

Despite the rapid growth in homelessness since 2015, chronic homelessness as a proportion of total homelessness has increased even more significantly. According to PIT counts, in 2007, only 16% of the homeless population was considered chronically homeless; by 2023, this figure had risen to about 32%, nearly double what it was 15 years ago (Figure 33). This increase suggests that individuals who secure housing are not receiving the additional support needed to address the root causes of their homelessness. Chronic homelessness often involves repeated losses of housing over a few years. The need for low-barrier housing and comprehensive wraparound services has never been clearer.

Similarly, unsheltered homelessness as a share of total homelessness has steadily increased since the mid-2010s, with a significant rise from 2020 to 2023, according to the PIT Count, although it is important to note that this could also be due to an improvement in the methodologies and ability of CoCs to conduct more complete counts of people in addition to true increases in homelessness. Unsheltered homelessness was at 62.9% in 2010 and 63.9% in 2019. However, it reached its highest rate in 2023 at 64.6%, meaning nearly two out of three homeless individuals were unsheltered.

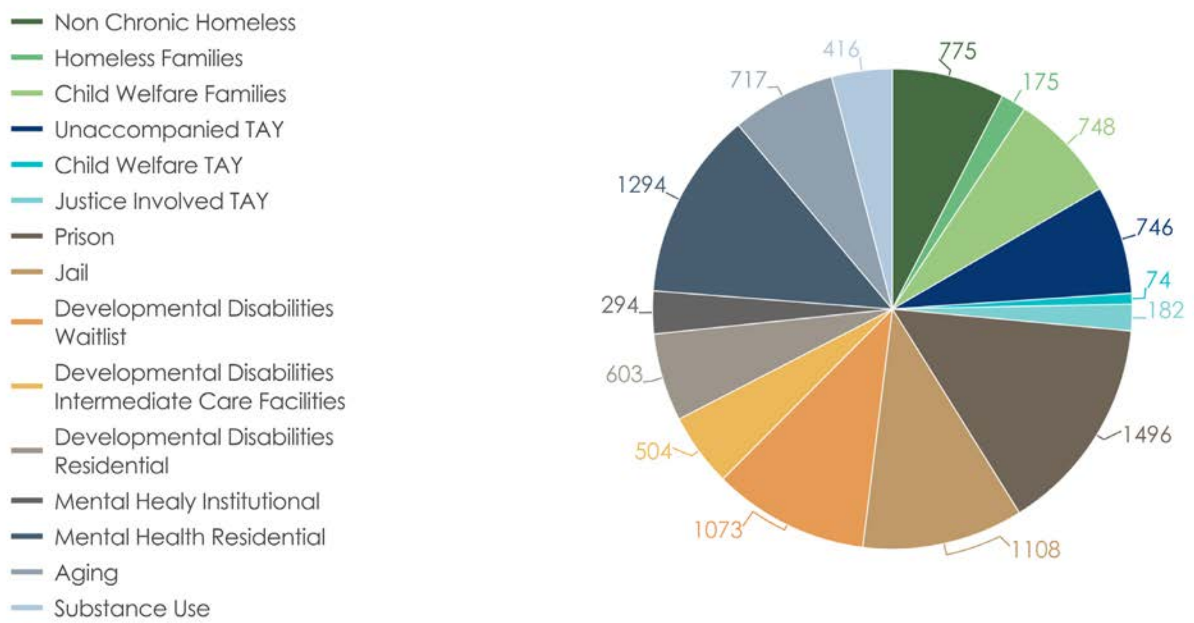
Since this figure fluctuates annually, examining longer-term averages is useful. Before the COVID-19 pandemic, the unsheltered rate was around 57.3%, but it has since risen to approximately 63.2%, an increase of about six percentage points or 10% over the past few years (Figure 34).

Seasonal beds are available but represent only a small fraction of emergency shelter options. Despite this, more than 13,000 Oregonians are continually exposed to the elements, lacking safety and privacy. This indicates that not only has homelessness increased since 2015, but there is also less access to shelter, and more people are experiencing prolonged periods without a home.

OHCS has worked with the Homelessness Research & Action Collaborative at Portland State University sine 2021 to produce annual statewide estimates on homelessness using a combination of the PIT data, McKinney-Vento data on students experiencing homelessness and Housing Inventory Count data, which shows the number of Emergency Shelter and Transitional Housing beds across the state. This report shows data at both the state and the county level and illustrates the deep and persistent racial disparities that exist in who experiences homelessness. The 2023 PIT indicates that Native Hawaiian or Pacific Islander Oregonians experienced homelessness at a rate of 3.58 times higher than their overall share of the state population, Black, African Amercian, or African Oregonians experienced homelessness at a rate 3.27 times higher than their share of the population and American Indian, Alaska Native, or Indigenous Oregonians experienced homelessness at a rate 2.43 times higher than their share of the population.

Figure 35

Oregon needs additional 14,353 permanent supportive housing units, over 4,000 of which are for people experiencing chronic homelessness



Source: OHCS Tabulation of Point-in-Time Survey Data, 2007 - 2023

Rental assistance can prevent or mitigate the impacts of evictions, thereby stopping homelessness before it starts and a focus on quickly rehousing those who are experiencing homelessness can ensure shorter periods without a home and a stable exit destination. With that in mind, Governor Kotek invested in and shelter production, rehousing, and homeless prevention priorities. Executive Orders 23-02 and 24-02 mobilized resources to rapidly increase available shelter beds for those experiencing unsheltered homelessness, rehouse unsheltered households, and provide rental assistance to those at risk of homelessness.

Permanent supportive housing (PSH) is another critical component in reducing homelessness. PSH is an intervention that combines affordable housing assistance with voluntary support services to address the needs of chronically homeless people. As of 2023, the Corporation for Supportive Housing reports that Oregon needs an additional 14,353 PSH units, with 4,148 (30%) required for individuals experiencing chronic homelessness (Figure 35).

Conclusion

Oregon's housing crisis has deep historical roots, exacerbated by decades of underproduction relative to rapid population growth, rising costs to build and maintain crucial infrastructure, and stagnant wages that have not kept pace with increasing housing costs. This crisis continues to have disproportionate impacts on low-income households and BIPOC communities.

Addressing the current housing crisis in Oregon will require the continuation of recent investments from the Legislature in supply-side solutions that create affordable rental and homeownership options, expand access to homeownership through downpayment assistance and other mortgage products, provide emergency response and ongoing support for people experiencing homelessness, and preserve the existing stock of affordable housing throughout the state. During the 2023 Legislative Session, the Oregon Legislature allocated a record $1.14 billion to OHCS to continue advancing these priorities. Both the agency and the governor's office are committed to advocating for sustained investments in these efforts.

Encouragingly, a recent report summarizing the results of OHCS' first-ever five-year Statewide Housing Plan (SWHP) demonstrates the effectiveness of these investments. The report shows that OHCS either built or has more than 28,000 affordable rental housing units in its pipeline, compared to just under 13,000 units in the previous five-year period. The agency also funded nearly 1,700 units of permanent supportive housing (PSH), far exceeding the goal of 1,000 PSH units. This type of housing is a critical resource for people who have experienced chronic homelessness in their lifetime. On the homeownership front, OHCS was committed to ensuring more BIPOC individuals could purchase a home through its programs and saw the proportion of new BIPOC homeowners increase from 27% before the SWHP to 42% during the period of the plan. Finally, there were concerted efforts to move people into permanent housing and help them retain that housing for six months or longer. These efforts proved successful, with 86% of people who exited to permanent housing able to retain that housing for six months or more. These efforts would not have been successful without the level of investment the Governor and Legislature have made in this work.

The findings laid out in this report make it clear that OHCS cannot solve the deeply entrenched issues facing the people of Oregon on its own. There are factors beyond housing that are impacting the ability of individuals to thrive in today's economy, and it will take coordination and collaboration with our federal partners, other state agencies, and cities, both large and small, to find ways to ensure housing stability for all Oregonians.

Sources

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Data tables and calculations are available upon request. Please reach out to Brandon Schrader at hcs_research@hcs.oregon.gov if you’re interested in learning more.

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CHAMBER OF PROGRESS

A DEMOCRATIC COST OF LIVING AGENDA:

A LOW-COST FRAMEWORK FOR HELPING FAMILIES BUILD ABUNDANT HOMES, CARE AND ENERGY

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DEMOCRATIC COST OF LIVING AGENDA:

A LOW-COST FRAMEWORK FOR HELPING FAMILIES BUILD ABUNDANT HOMES, CARE, AND ENERGY

Executive Summary

High cost of living is the great villain in today's economy. There are young couples who worry that they'll never be able to buy a house. There are families who are anxious about what next month's electricity bill is going to be. There are seniors who are afraid that an unexpected illness is going to bankrupt them. There are would-be parents who want a child but don't know how they're going to afford daycare. These are the people Democrats need to speak to and govern for.

Voters consistently tell pollsters that inflation is their top economic concern right now, and yet, neither party has paid sufficient attention to their inflation-related frustrations nor provided a serious policy agenda for bringing the cost-of-living down. We aim to fix that.

Democrats should not trick themselves into thinking that they can effectively address high cost of living through price controls and demand subsidies. Those approaches, however intellectually seductive, do not and will not work. The answer is supply-side progressivism.

The Democratic Cost of Living Agenda that we present here is focused on policies that will increase the supply of goods and services that have risen the most in cost. In each of these areas, we offer specific, actionable recommendations for federal, state, and local policymakers that will make a difference for Americans' wallets. Together, these policy recommendations provide a low-cost roadmap for Democrats to tackle the rising cost-of-living without driving further growth in the deficit or more inflation through additional federal spending.

We focus on five main areas:

- To bring down housing costs, we need to reform zoning, embrace innovative housing types, and lean into globalization.
- To increase the supply of energy and infrastructure, we need policy reforms that make it easier to create and transmit energy and that make it easier to build infrastructure.
- To make healthcare less costly, we need to raise the number of providers and promote competition.
- To make it less expensive to raise kids, we need more childcare and a better social safety net for children.
- To ensure that our country's bright future includes everyone and doesn't leave some people and some places behind, we need to embrace new technologies related to rural broadband, health and disability, climate change, and autonomous vehicles.

Democrats should imagine a world where Americans of all social classes have good housing that doesn't eat 40% of their paycheck, where climate action, economic growth, and affordability all go together, where medical services do not financially annihilate sick people, and where every family that wants a child can afford to raise them. And then we should set about delivering that world. Here's how we do that.

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I. INTRODUCTION

The American Dream is predicated on rising economic prosperity. How citizens feel about the economy is not purely based on their wages, it is based on what their wages can buy. Even before the inflation spike of 2021–2023, Americans' wages weren't buying as much as they'd like.

After that inflation spike, the cost of living remains the central drag on people's lived experience of the economy. More than twice as many Americans say that inflation is the most important problem than say that about unemployment, the gap between the rich and the poor, and taxes combined. When asked which issue matters most to them, 18–29 year-olds place inflation as their number one priority, with healthcare and housing coming in second and third respectively.

Housing, energy, and services like health care and childcare are all more expensive than Americans would like them to be because they are scarcer than they should be. It doesn't have to be this way.

Working to substantially increase the housing supply would make it easier for middle-class people to afford a home. Working to substantially increase the supply of green energy would make it easier to meet our climate goals. Working to increase the supply of health care would bend medical cost curves down. And working to increase the supply of child care and create a more robust social safety net would decrease the cost of raising children.

Democrats should imagine a world where Americans of all social classes have good housing that doesn't eat 40% of their paycheck, where fighting climate change and growing the economy go hand-in-hand, and where everyone can afford the services like medical care and childcare that they need to live a full life.

We haven't been building enough. The main problem is not really about distribution, it's about supply. You cannot redistribute your way out of a shortage, so the answer is to try to create abundance.

As Derek Thompson put it back in 2022, "The U.S. doesn't have enough COVID tests—or houses, immigrants, physicians, or solar panels. We need an abundance agenda." As Ezra Klein argued not long thereafter, "We need to build more homes, trains, clean energy, research centers, disease surveillance. And we need to do it faster and cheaper." In other articles, Klein has made the case for progressives thinking harder about supply and considering how our penchant for trying to advance multiple goals at once can constrain supply, a dynamic he famously coined as "everything bagel liberalism." Klein and Thompson have a forthcoming book, Abundance, that expounds upon these arguments.

Matthew Yglesias has been arguing for the abundance agenda and for policies that support abundance for years. Jerusalem Demsas has written extensively on housing affordability, homelessness, infrastructure, and environmental politics from an abundance agenda perspective.

Noah Smith has argued for pursuing green energy abundance through solar and batteries and for an environmentalism that builds. Alec Stapp, Caleb Watney, and their team at the Institute of Progress have done thought-provoking, detailed analyses on how America can better leverage technology to build a bright future. As they say, "progress is a policy choice."

We see our cost of living agenda as part of that supply-side progressive family of ideas. What we are doing here that is different is that we are explicitly focusing on cost of living. While abundance is conceptually great and many people who are very tuned into current events will recognize what the term 'abundance agenda' means, for most people it is their day-to-day costs that are most concerning.

There are young couples who are anxious that they'll never be able to buy a house. There are families who are worried about what next month's electricity bill is going to be. There are seniors who are afraid that an unexpected illness is going to bankrupt them. There are would-be parents who want a child but don't know how they're going to afford daycare. These are the people we wrote this for. Abundance is a means, but it is their Cost of Living that motivates us and that we argue should motivate Democrats.

This Democratic Cost of Living Agenda is focused on policies that will increase the supply of goods and services that have risen most in cost, and policies that will reduce the roadblocks that stand in the way of building. Together, these policy recommendations provide a low-cost roadmap for Democrats interested in tackling the rising cost of living without driving further growth in the deficit or inflation through additional federal spending.

Moreover, these policies are popular. As we will discuss below, polling shows that Americans support making it easier to build new housing. They support policies that promote green energy. They support policies aimed at bringing healthcare costs down. And they support policies that make it more affordable to raise a family. Democrats need to be talking more about these cost of living issues both because it is the right thing to do and because it will help Democrats win elections.

A. How Democrats Can Respond to Rising Costs: Four Options

Democrats have four policy options when it comes to addressing rising costs.

The first option is the ostrich option: stick our heads in the sand and pretend like the high cost of living isn't a problem. Traveling down that path is likely to be politically disastrous. Voters do not like to be told that their perceived hardships are fictions. Moreover, cost of living is a very real issue in certain sectors, including housing, health care, child care, and education, and one that policymakers should prioritize for their constituents.

The second option is to scapegoat: blame corporations for higher prices. There are a few examples where the business in question seems to be a middleman delivering little to no discernible value while charging big fees (almost no one likes Ticketmaster, and many people have negative experiences with car dealerships). And, the Biden/Harris administration, to their credit, has started to crack down on junk fees and other deceptive pricing practices.

But junk fees, as annoying as they are, are a relatively small percentage of spending. For example, total revenue in the accommodations sector in 2022 was $316 billion; hotel resort fees add up to $3.3 billion. So that's about 1% of total spending in that industry. Conversely, shelter makes up 36% of the Consumer Price Index, meaning it's more than a third of what the average American spends overall, and housing inflation has been running very hot at 5.4% annually. Similarly, hospital services have gotten 7.2% more expensive over the last year while home health care for the disabled and elderly is up 11.1%.

Junk fees are largely not what is driving cost increases in our most important economic sectors. And rent controls do not work. It is not businesses that are the cause of the housing shortage in blue cities and states nor energy businesses that are blocking offshore wind turbine construction. Nor are multinational corporations responsible for the high costs of childcare.

While rhetorical attacks on the private sector poll well, regulating corporate behavior will not address underlying cost of living issues.

The third option is to subsidize demand. At first glance, it is understandable why Democrats want to use government funds to subsidize demand for low-income people. They are often the people who need help the most and with limited resources, means-testing makes some sense. One example of this approach is Section 8 housing vouchers in which households below a certain income threshold receive a voucher they can use to rent housing. Childcare subsidies work in a similar way.

Some redistributive policies make sense and the government plays a crucial role as provider of the social safety net. We advocate for expanding that role in our section on Raising Children by creating a Medicare for Kids program, providing universal free school lunch, and expanding the Child Tax Credit.

But the primary long-term path to affordability in most policy areas does not run through demand subsidies. The problem is that simultaneously subsidizing demand while not addressing supply constraints creates what's been called 'Cost Disease Socialism', under which prices for the subsidized goods or services rise for everyone. Those who do not receive the subsidy are left worse off via higher cost of living, and the government spending in question does not end up accomplishing much.

Housing demand subsidies in the form of Section 8 vouchers means that there is more money flowing into housing as a sector, but without more supply, that money mostly just ends up being extra profit to landlords. The benefits mostly do not go to the intended beneficiaries and other renters in the market do not benefit at all. They are in fact made worse off overall because they do not receive the subsidy but do face higher rents. Something similar happens in childcare. Childcare subsidies push money into the system but without more childcare supply, all that's really doing is pushing up prices.

The problem of subsidized demand with constrained supply is made even worse by the aforementioned 'Everything Bagel Liberalism' under which the government tries to achieve so many different objectives with the same policy that supply does not increase as much as it otherwise could.

Moreover, if the underlying challenge is scarcity, as it often is, no form of subsidization or redistribution is going to get at the root of the problem. There's no redistributing your way out of a shortage. Finally, there is a class element to problems created by subsidized demand. While the very poor need government subsidies, the middle and working classes need a functioning market with lots of supply. A subsidies-oriented approach is not going to help them much.

Our fourth option, increasing supply, corrects for the failures of subsidized demand. There are times when it makes sense for the government to do the supply provision – such as Universal Free School Lunch – but for the most part, supply comes from the private sector, and so a focus on increasing supply

means reforming barriers that stand in the way of businesses producing. That means adopting more permissive zoning rules, ensuring that environmental regulations don't obstruct green projects, and updating our services regulations for the 21st century.

The Biden/Harris administration made some great moves in this direction. In April 2024, the Department of Energy finalized new permitting rules designed to accelerate the construction and upgrading of high-capacity power lines. Still, there is much more to be done on all of these issues.

We like to think of ourselves as 'Costco Democrats.' Costco has lots of fans for many reasons and virtually all of them relate to a supply-oriented approach that drives down the cost of living for ordinary Americans. As unsexy as that may sound, Costco is ambitious and pragmatic, with a zeal for attention to detail and a laser focus on prices. That's exactly what America's economic policy needs.

We can do this. If, like Austin, Texas, we make it easy to build housing, America can create enough housing supply that rents go down even as the population increases. Colorado doesn't artificially constrain health care service supply with certificate-of-need laws, and not coincidentally it has some of the lowest per capita spending on health care in the country.

If we reduce unnecessary, burdensome occupational licensing regulations, people can move near family or to a better home rather than feel trapped where they are. If we build lots of clean energy we can meet the demand from new data centers, EV charging, electric heat pumps, and more. With more supply and fewer barriers to development, we can build the kind of affordable world voters want.

B. Success Story: How The Biden/Harris Administration Brought Down Hearing Aid Costs

Not all costs have gone up over the last few years. Hearing aids have actually gotten much less expensive even as they have gotten better. The story of how that happened demonstrates three themes that we will highlight in this report. First, the road to affordability is paved with supply. Second, modernizing regulations, embracing technological innovation, and promoting competition are crucial to driving increases in supply. Third, the biggest beneficiaries of supply-driven cost reductions are the middle and working class.

In 2004, a pair of hearing aids cost an average of $3600. The median hourly wage was $13.83. So it took approximately 260 hours of work (six and a half weeks) at the median wage to pay for those hearing aids. Today, you can get a pair from Lexie for $799. The median hourly wage is $34.75, which means that it takes about 23 hours of work to purchase that pair of hearing aids.

That is a more than 90 percent reduction in the time-price of hearing aids within just two decades, and that doesn't even take into account that today's hearing aids are acoustically superior and more comfortable than their 2004 predecessors. And that's not even as cheap as they go. The most basic pair that are bestsellers on Amazon are only $289.

Technology Does Not Just Benefit the Elite

The first part of our story is the advance in a mix of technologies. 3D printing, microelectromechanical systems (MEMS), and lithium-ion batteries made it so that hearing aids could be customized for each person, the sonic quality improved, lasted longer, more intricate and better forming internal designs could be used, made prototyping easier, and the hearing aid could be made in three steps instead of nine.

The point here is **that technological innovation is one of the main drivers in bringing down costs.** The primary beneficiaries of technological advancement are ordinary people, not some tiny, distant elite.

Hearing aids can be transformational in someone's life, improving hearing but also slowing cognitive decline and reducing falls, especially for older and lower income people that are most at risk. The rapid increase in their accessibility through lower prices and over-the-counter access will affect hundreds of thousands if not millions of people.

Hearing Aids are a Globalized Product

Th0se new production techniques combined with the capital-intensive nature of hearing aid production mean that it makes sense to geographically concentrate production in a few locations to economize on fixed costs. This meant that hearing aids became much more of an internationally traded product. From 1995 to 2022, the international trade in hearing aids grew from $424 million to $6.45 billion.

Meanwhile, fierce competition between the two biggest hearing aid manufacturers, Sonova and William Demant, means that each of them is strongly incentivized to cut costs. So, and this part will give some economic nationalists heartburn, they've moved much of their production away from high labor-cost locations like the United States and Denmark to Mexico and even more so to Poland which offers an attractive mix of an educated workforce and a long scientific tradition, but also relatively low labor costs.

The United States is the world's biggest importer of hearing aids. There is simply **no way the cost of hearing aids could have fallen the way they did without the efficiencies created by globalization.** Much of the discourse around trade is entirely based around jobs, but consumers' interests matter too.

Regulatory Reform Can Be Progressive

The third element in bringing down hearing aid costs was the Biden/Harris administration's 2022 move to allow hearing aids to be sold over-the-counter (OTC). Previously, someone suffering from hearing loss had to get a prescription from an audiologist, where hearing aids cost 5–6 times more. The Biden/Harris administration's new rule removed this bottleneck.

This reform also opened up more distribution channels. Lexie, the hearing aid manufacturer with the $799 pair that I mentioned earlier, found that 94 percent of its customers are first-time purchasers. The manufacturer expects to be selling more than a million pairs annually within a few years.

Achieving Supply Abundance Was the Key to Bringing Down Costs for Everyone

Notice that in this hearing aid example cost reductions were not achieved by haranguing the businesses that manufacture hearing aids. Such an approach would have accomplished nothing. Nor were they brought about by trying to demand-subsidy our way out of the problem. Such an approach would have been enormously expensive. Instead, decreased hearing aid costs were achieved through technological advancements and increased supply. Compared to the hearing aid market of twenty years earlier, today's hearing aid market is defined by abundance.

C. Contrasting Our Innovation and Consumer-Oriented Approach With Trump's Bad Ideas

Bringing costs down isn't just about advancing good ideas. It is also about avoiding bad ones. Addressing increases in beef prices is a good example. This summer, as you were buying steaks and burgers for the grill, you may have noticed that they're more expensive than they used to be.

In May 2019, a pound of sirloin steak cost, on average, $8.66. Today, it's $11.66, a 34% increase. Over that time, a pound of ground beef went from $3.82 to $5.23, a 37% increase. Just over the last year, beef prices are up 7%, more than almost any other food item that the Bureau of Labor Statistics tracks in the Consumer Price Index. Drought, pandemic disruptions, and increases in input costs have all contributed to a shrinking cattle supply and higher prices.

Reducing beef and grocery prices for American consumers within our low-cost framework of supply side solutions could take a few different shapes. Here we offer four solutions.

First, the United States is the world's leading exporter of beef and, perhaps surprisingly, it is also the world's leading importer of beef. The U.S. subjects imported beef to what are known as tariff-rate quotas. What that means is that below a certain quota (it varies by country), the U.S. charges only a very small amount but then adds substantial taxes above that quota. The federal government can, and should, increase those quotas.

U.S. beef imports are mostly trimmings that go into ground beef and so quota increases would make burgers cheaper and, because burgers are to some degree substitute goods for steak, that would make steaks less expensive too..

It is worth pointing out here that these are basic commodities, and the countries we import from are our allies. The geopolitical and strategic factors that influence our thinking about something like semiconductors from China do not apply here. In fact, if we are trying to build an effective anti-China international coalition, we need to be trading more with our allies, not less. Trump's tariffs would undermine that anti-China alliance.

A second way to empower consumers is to stop getting in the way of innovation in plant-based and lab-grown/no-kill meat. If consumers have access to more plant-based options, at least some of them will opt for those and that market will attract investment and innovation — which in turn will improve taste, increase market share, on and on.

Unfortunately, a number of Republicans have sought to tie up the plant-based industry in red tape. Other Republicans are seeking to ban lab-grown meat. Unfortunately this culture war posturing has the net effect of reducing consumer choice and driving up prices.

Third, the meatpacking industry has consolidated considerably over the last few decades. While that comes with some benefits such as economies of scale and cost savings, it also makes it easier for these producers to behave in anti-competitive ways. Last year, a group of purchasers including Target and BJ's Wholesale filed a lawsuit against the four dominant meatpacking companies alleging that they colluded to raise beef prices. Some of these meatpackers like JBS have already had to pay large fines for price-fixing .

in the past. They've also had to pay big fines for wage-fixing. These companies have a poor track record when it comes to anticompetitive behavior. The Department of Justice and the Federal Trade Commission should continue to vigorously enforce the law in this area.

Lastly - and this solution would help reduce prices in almost all aisles of the grocery store - reducing labor costs through immigration reform would help cut beef prices. In the top five meatpacking states (Nebraska, Iowa, Texas, Kansas, and Illinois), 56% of the meatpacking workforce is foreign-born and, of that 56%, 67% are noncitizens. Many are, admittedly, in the country illegally. But, these are physically demanding, dirty, dangerous, difficult jobs that most native-born Americans do not want.

Without a migrant labor force, meatpacking in this country would grind to a halt, with enormously negative consequences for beef supply and beef prices. One of the things immigration policy should do is help to ensure that American businesses have access to the labor they need to affordably provide the goods that American families want to buy. Mass deportations are not conducive to that.

II. HOUSING:
THE BIGGEST DRIVER OF COST OF LIVING INCREASES

A. The Problem

Housing price pressures have been building for a long time. From 1970 to 2010, the median price of a home increased almost three times faster than median wages. This pressure has accelerated over the last few years. In May 2019, the median home price in the United States was $298,638. As of May 2024, it's $439,716. That's a 47% increase. For context, from May 2019 to May 2024, the average hourly wage has gone from $25.72 to $34.91, a 35.7% increase. So it's safe to say that most Americans have not seen their wages grow as fast as housing costs.

As you can see in this chart, housing has been a consistent driver of inflation and is responsible for more than half of all current inflation.

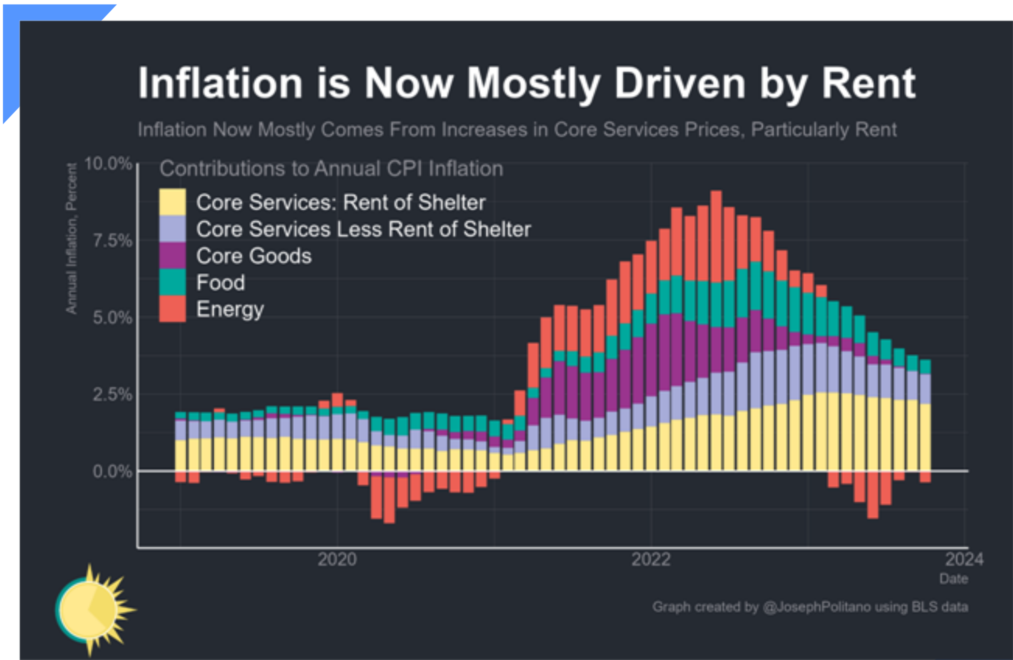

Image Credit: Joseph Politano.

Prices are at their most expensive in California's major cities -they range from $980,000 (San Diego) to $1,500,000 (San Jose), but contrary to what some may believe, it is not purely a California problem or a superstar city problem. The median home price has gone up by: 57% in Columbus, 57% in Jacksonville, 57% in Grand Rapids, 58% in Nashville, 61% in Boise, 69% in Raleigh, 70% in Richmond, and 72% in Tucson. Home prices have gone up especially fast in the places that were once affordable.

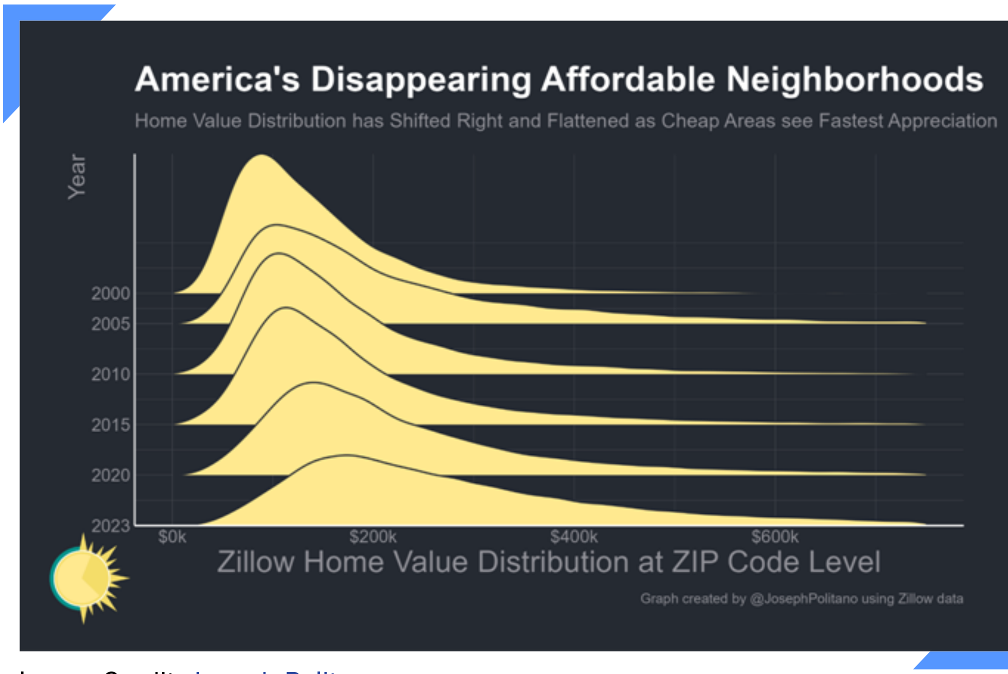

Image Credit: Joseph Politano.

Prices and rents have significantly increased because the supply of housing is constrained. Housing production peaked in May 1973 with 2.3 million new housing units completed that month (at an annualized rate). After 1973, except for one month in 2005 and a few in 2006, we would never again hit 2 million. Housing production cratered during the financial crisis and arguably never fully recovered. The 2010s in particular were a disaster for housing production. In no month in the 2010s did we even hit 1.4 million annualized rate, a level of housing production that was fairly normal for most of the 1970s, 1980s, 1990s, and 2000s.

Housing underproduction, that is production compared to household formation and population growth, has continued to worsen. From 2019 to 2021, the gap between housing production and household formation grew in 83% of all American markets. All 50 states are underproducing housing.

The reason that we are underproducing housing is that there are a bevy of regulations on housing (which we discuss below) that sharply limit where housing can be built and how much of it can be built. The economic research is clear: **these rules make it harder and more expensive to build new housing.** As far back as 2003**,** researchers found that these kinds of zoning rules made apartments 50% more expensive in Manhattan, San Francisco, and San Jose. That figure has almost certainly grown since then.

More recently, in 2021, economists examined 24 major metropolitan areas and found that zoning substantially raised prices ($59,689 per quarter acre in Washington DC, $76,672 in Philadelphia, $174,850 per quarter acre lot in Seattle, and $198,769 in Seattle) and found that these higher prices were strongly correlated with the stringency of the zoning. This is not just a coastal city problem though. Restrictive local zoning substantially increases prices in places like Vermont too.

There is a long history of how we got here, of local zoning, deed restrictions, car-centric infrastructure, redlining, anti-development back-to-the-land environmentalism, and Not-In-My-Backyard (NIMBY) sentiment. Going through that history would take multiple book-length treatments but suffice it to say that we have a housing shortage. The most important question from a policy perspective is 'What do we do now? How do we fix this?'

There are several Federal housing bills sponsored by Democrats that would be strong starts to housing reform. The Yes in My Backyard (YIMBY) Act, which has been cosponsored by Senators Schatz, Warnock, and Van Hollen, makes amendments to the Community Development Block Grant (CDBG) program to promote more housing construction. Some grant recipients arewould be required to, every five years, submit a plan that addresses land-use policies. This bill asks grant recipients how they have or will implement various policies such as multifamily zoning and reduced minimum lot sizes.

The Housing Supply and Affordability Act, sponsored by Amy Klobuchar and co-sponsored by Senators Kaine and Lujan, would create a grant program to help local governments develop and implement new housing policies.

The Build More Housing Near Transit Act, sponsored by Scott Peters (D-CA) and co-sponsored by 18 other House Democrats, aims to promote more housing near transit by adding affordable housing incentives to certain capital investment grants for transit projects.

The Reducing Regulatory Barriers to Housing Act sponsored by Senator Fetterman and Representative Blunt Rochester, instructs the Secretary of Housing and Urban Development to provide technical assistance to states and localities on zoning, develop and publish guidelines and best practices for state and local zoning to support housing development, and creates a grant program for local governments to establish pre-approved designs for certain types of affordable housing structures.

The Biden/Harris administration, through the Bureau of Land Management, the U.S. Postal Service, and the U.S. Forest Service, wants to repurpose federal land to allow for new housing development. Particularly in western states where the federal government owns a lot of the land, this is a great supply-oriented idea.

These are excellent bills. To build upon them, we argue that there are three main axes of housing affordability reform: zoning; innovation in housing types; and leaning into globalization.

B. Zoning Reform

1. More Mixed-Use Zoning

> **Recommendation:** Local governments should allow more mixed-use zoning. The easiest place to start with this is to allow more housing in areas that are currently zoned as commercial. State governments can incentivize and encourage this as befits their state's economic context.

There are two major types of zoning: use and density. If you look at almost any local zoning map in the United States, you'll see that there are three main uses of land: industrial, commercial, and residential, with the idea being that you do not want heavy industry right next to houses and that you want to cluster businesses. At one level, this makes sense, at least in theory. We don't want chemical factories next to elementary schools.

But most of the United States has gone too far with this, especially with the commercial/residential split. In most places, we have one set of areas that are industrial, an entirely separate set of areas that are businesses, and a wholly distinct third set of areas that are residential. Americans take this system for granted but it does not have to be this way. Many places around the world do not do this.

If you've been to Europe and really liked it, there's a good chance that one thing you really liked without realizing it is mixed-use zoning. In Europe, land-use regulation is mixed use by default. There's housing so that people can live there. There are amenities so that people can shop, eat, and recreate. There are businesses so that people can work. And they are right next to each other and mixed amongst each other. That creates vibrancy, shorter and more pleasant commutes, and more economic activity.

Unfortunately, we largely don't do that in the United States.

As M. Nolan Gray, author of Arbitrary Lines: How Zoning Broke the American City and How to Fix It, writes: "walkable, mixed-use, reasonably dense development patterns....are outright prohibited under most American zoning codes." That's a real shame because mixed-use zoning has a wide range of benefits.

Renters and first-time homebuyers benefit from the increase in housing supply. There is huge potential for more supply here. According to the Lincoln Institute for Land Policy, if we redevelop just 20 percent of the country's underutilized commercial corridors to mixed-use sites with ten housing units per acre, we could add more than one million homes.

It's good for workers who can live closer to their jobs and thus enjoy shorter, less stressful commutes. It's good for businesses who benefit from increased foot traffic. It benefits seniors who can maintain independence longer in a walkable environment. And it saves money for taxpayers.

That's a long list of winners from having more mixed-use zoning. With fewer restrictive zoning regulations that allow for more mixed-use development, private sector developers will gladly create a greater supply of these kinds of areas to meet that demand. A city that leans into capitalism is a city that will de facto be leaning into this kind of very attractive mixed-use development.

There's also a lot that we can learn from other countries. The liberal, nationally determined nature of Japanese zoning is particularly effective compared to what we do in America. Likewise, Matt Yglesias points out that:

"One of Italy's real strengths seems to be a lot less fussiness about the idea that everything needs to be in the right little box. Every Italian community I saw contains a mix of detached houses, townhouses, and apartments. Every Italian community I saw contains a blend of old and new structures."

The politically easiest place to start with mixed-use zoning is not to try to add commercial space in areas that are currently residential. As nice as that might be, it would be more likely to attract opposition. An easier starting point is to add housing in areas that are currently commercial.

This kind of mixed-use zoning polls well. 75% of respondents support allowing more apartments to be built near offices, stores, and restaurants. People like being able to live, work, and play conveniently close to each other, with their housing being affordable, their commute being short, and fun amenities they enjoy being nearby. That preference is widely shared. 60% of Houston residents for example say that they would prefer to live in a mixed-use development as opposed to single-family only zoning.

2. Duplex/Triplex and ADU Reform

Recommendation: State governments should legalize duplexes or triplexes on any lot that currently allows a single-family home. They should also streamline the permitting process for constructing accessory dwelling units (ADUs).

The second basic kind of zoning is about limiting how much building can be constructed in a given space. These are particularly prevalent and often very strict in residential areas. These can take the form of:

- Minimum lot sizes (ex: each lot must be at least one acre)
- Number of housing units per acre (ex: no more than three units per acre)
- Bans on accessory dwelling units, i.e. 'granny flats'
- Single family only zoning, i.e. no duplexes or triplexes
- Height limits (ex: no building may be taller than 30 feet)
- Setbacks (ex: the housing must be at 20 feet from the road or property line)
- Lot coverage limits (ex: buildings may take up only 20% of the lot)

Density limits mean that less housing supply gets built. Instead of putting a triplex on a half-acre lot, a developer has to only put one single-family home there. Instead of a five-story apartment building on a lot, a developer may only be able to put a fourplex. This kind of zoning can also add a layer of unpredictability to development, further discouraging building.

Much of the housing discourse has focused on how to add more housing supply to urban areas, but to truly address Americans' housing affordability challenges, we need more housing supply in the suburbs as well. In 94 percent of San Jose, density zoning effectively bans multifamily housing. It is one of the wealthiest areas on PLanet Earth and almost all of it is zoned single-family only. That's a nightmare for affordability.

This is not only a Silicon Valley problem though. In nearly every major city, density zoning makes it impossible to build more than a single-family home on 70 percent of the available land. A lot of suburbs are nearly 100% single-family only zoning. One good way to add housing supply in suburban areas is to make **duplexes and triplexes** legal everywhere that a single-family home can be built.

An example of a duplex. Image Credit: Architectural Designs.

As you can see from this image, these are not massive apartments that fundamentally restructure the look and feel of a suburban area, but they do allow developers and property owners to put up two or three homes where there would currently only be one allowed. Building our housing supply so that housing is affordable for the middle class and working class requires policy reform but it does not require revolution. If you live in a suburb and you like it, there's nothing to be afraid of. This kind of policy reform is popular too.

Another good way to expand housing supply through increased density is to legalize accessory dwelling units (ADUs), sometimes referred to as 'granny flats.' This is where someone builds a small second apartment on their property. ADU reform polls well too. More than 70% of poll respondents support allowing homeowners to build ADUs over their garages or to convert a basement or attic.

Success Story: California

While California is usually thought of as the poster child of anti-development housing policy, the Golden State has achieved considerable success with respect to ADUs. In 2016, the state set statewide ADU standards that streamlined the permitting process. It then took this further in reforms spanning 2017 to 2023. These reforms have led to a significant increase in ADUs being permitted. As of 2022, about one in five new housing units in California was an ADU. And, ADU have made inroads in even the most exclusive places; statewide laws have forced California municipalities that ferociously resisted new apartment buildings to allow ADU construction.

Success Story: Colorado and Montana's Recent Reforms

Earlier this year, Colorado passed a bill that prohibits most local regulations that block ADUs and creates a state grant and loan program to help finance construction of ADUs by low and medium-income households. In 2023, Montana also pre-empted local zoning rules that block ADUs and made duplexes legal anywhere that single-family homes are allowed to be built.

When asked why he pursued zoning reform, Colorado Governor Jared Polis succinctly explained the heart of a supply-side oriented approach to housing affordability saying: "We need to remove artificial barriers to housing, get rid of bureaucracy and paperwork and make it easier to build...we simply have to get the government out of preventing housing from being built and allow the market to create a greater supply."

3. Minimum Lot Sizes

Recommendation: Local and/or state governments should reduce minimum lot sizes, ideally as low as Houston's 1400 square feet, and should provide the water/sewer infrastructure to make that feasible.

Another important form of density zoning is minimum lot sizes. These mean that single family homes are forced to take up more space than the homebuyers might even want. An acre of land is 43,560 square feet. So a minimum lot size of a half-acre means that the homeowner must purchase more than 20,000 square feet of land even if they only want to live in a 1500 or 2000 square foot home.

On average, land is about one-third the cost of a home and so this increases the price of that home substantially. If the new higher price caused by these regulations is above the market clearing price in that area, the project won't pencil for the developer and so that new housing doesn't get built at all. Unrestrained by these regulatory barriers, a developer might put three or four homes in those 20,000 square feet of space. With these regulatory barriers, they build one house, or maybe none.

There is an opportunity for bipartisanship here. Because land is relatively expensive, minimum lot sizes strongly disincentivize building starter homes. Social conservatives are concerned about the difficulty of family formation. The relative lack of starter homes is arguably a contributing factor to that. So, social conservatives should be even more opposed to minimum lot sizes than other regulatory barriers constraining housing supply.

Success Story: Houston's Housing Bonanza

In 1998, Houston passed a land-use reform that reduced minimum lot sizes to 1400 square feet and so it meant that several homes could now be put in the space that used to be occupied by only one home. On top of that, Houston has next to none of the density limits discussed above. The result: despite welcoming more than 400,000 new residents since then, Houston developers have built so much new housing that the price of a median home in Houston is about $75,000 lower than the median price in the United States.

The average rent for a two-bedroom apartment in Houston is $1,631 compared to Los Angeles ($4,522), New York City ($5,488), and Philadelphia ($2,935). Simply put, Houston has done better at remaining affordable than, arguably, any other growing city in America.

4. Repeal Parking Minimums

Recommendation: Local and/or state governments should reduce (or ideally fully repeal) parking minimums.

Parking minimums make it so that parking lots take up a lot of urban space that could be used for housing.

In most places, the local government mandates that businesses and other institutions build a certain number of parking spots for their establishment. In Los Angeles, churches must have a parking spot for every 5 pew seats and hospitals must have two parking spots for every bed. When Apple wanted to build its new headquarters in Cupertino, the city required it to build 11,000 parking spaces to go with it (against Apple CEO Steve Job's clearly stated wishes just before he died in 2011). Dallas requires bars to have one parking spot for every 100 feet of floor space, which arguably encourages drunk-driving. There are parking minimums for public swimming pools, mini-golf, cemeteries, you name it.

For a parking lot to operate effectively, each parking spot plus the necessary in and out lanes take up approximately 300 square feet, so a mandated parking spot amounts to requiring three times as much space as the Dallas bar's floor area and many times as much space as the LA church's main worship room. While not as extreme as Dallas with bars, a lot of suburban municipalities have such high parking minimums that they are de facto requiring that retail developers devote more space to parking than to the retail itself.

The result is an over-allotment of property for parking; depending on the estimate one uses, there are between 3.4 and 8 parking spaces for every registered car in the United States. There is little justification for this much parking. As Donald Shoup, arguably the leading expert on parking mandates says, the planning for parking is "pseudoscience."

Even basic surface parking can be more expensive to build than people may realize ($28,000 per spot plus the land) and parking minimums often de facto force developers to build parking spots below ground which can be quite expensive (over $75,000 per space in some cases). Parking increases the cost of building a shopping center by between 67 and 93%. These costs get passed onto consumers in the form of higher prices.

Parking minimums can be surprisingly high. In San Bernardino California, parking takes up 49% of all land. Everything you see here in red is parking.

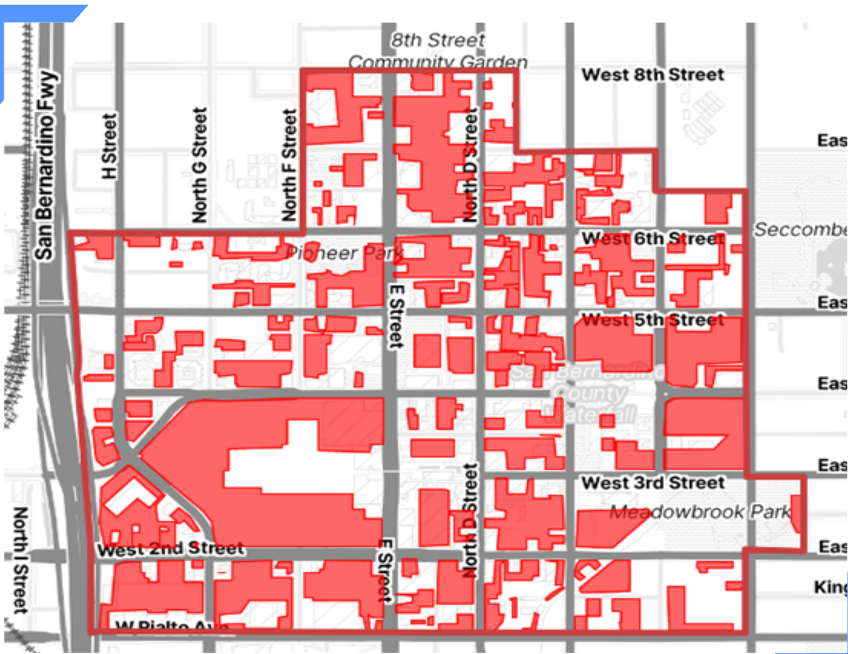

Image Credit: Parking Reform Network.

Parking takes up 39% of all land in Arlington TX, 36% of Virginia Beach, 30% of Orlando, 28% of Grand Rapids, and 27% of Indianapolis.

Cities should repeal their parking minimums. State government can also step in and repeal parking minimums statewide. Lots of policymaking is complicated and involves difficult tradeoffs. This is an opportunity for an easy win that is good for affordability, doesn't cost taxpayers a dime, encourages growth, fights climate change, and helps businesses.

Success Story: Buffalo New York

Buffalo repealed its parking minimum in 2017, making it the first major city in this wave of parking reform to do so. Since then, Buffalo has seen the development of more than 1,000 new housing units. More than two-thirds of these units would have been illegal to build under the old parking minimums. When Seattle eliminated its parking minimums, they had similar results, which suggests that this is not some idiosyncrasy of Buffalo.

Buffalo developers at 36 new projects put in about half of the parking they would have been required to. Developers have been able to construct mixed-use areas that would have been infeasible with the parking minimums. Adaptive reuse projects became a lot more viable too. The reforms were particularly helpful to small-scale developers who often have less financial capacity and less ability to petition for variances than larger developers.

A number of cities have recently followed in Buffalo's footsteps and repealed their parking minimums including Lexington, KY, (Aug. 2022), Gainesville FL (Nov. 2022), Burlington VT (Jan. 2023), Bend OR (Jan. 2023), Austin TX (Nov. 2023), Duluth MN (Dec. 2023), Longmont CO (May 2024), and Birmingham AL (May 2024)

C. Innovation in Housing Types

1. Five-Over-Ones: The Workhorse of Affordability

Recommendation: Cities should embrace and welcome the Five-Over-One apartment building as a highly desirable building type and should remove regulations, such as very low height restrictions and density limits, that block the construction of Five-Over-Ones.

The three reforms above (use, density, and parking minimums) can help unleash a boom in new Five-Over-One apartments. These buildings typically have five stories of residential that are built of wood (Type 5 construction in the International Building Code) over one floor of retail that is made of concrete (Type 1 construction in the IBC). In 2009, the IBC was amended to allow up to five stories of Type 5 construction; previously it had been limited to two stories. Building more of these can substantially increase the housing supply in in-demand cities and thereby bring rents down.

Image Credit: MinnPost.

Five-Over-One's hit a sweet spot of maximizing the number of units that a developer can build for the least cost. They can deliver between 80 and 115 housing units per acre of land. Compare that with single family homes, which typically deliver an average of 1-4 units per acre. At the same time, light-frame wood construction saves a lot of money on development over concrete and steel, so developers can build more housing for less money. Building to four or five stories maximizes the number of units that can be built while staying within that part of the building code (meaning more supply).

The Five-Over-One is the workhorse of dense, walkable, affordable market rate housing. Wherever housing costs are too high, making it as easy as possible to build lots of these can reduce costs. These Five-Over-One's should be allowed by-right in commercially zoned areas, providing popular abundant housing in dense, walkable neighborhoods.

Some people have aesthetic objections to these buildings. Two things are important to keep in mind. The first is much of their external look is due to developers having to comply with local design standards that require them to, for example, break up the massing. If people want Five-Over-Ones to look differently, then local governments need to stop indirectly mandating they look like this. Second, the most important aesthetic truth in housing is this: nothing is uglier than scarcity, nothing is more beautiful than abundance.

Success Story: Minneapolis Brings the Whole Package
What would it look like if a place didn't just implement one or two of these policies but several? We have an example of that: Minneapolis, Minnesota. In 2018, Minneapolis voted to allow duplexes and triplexes on any lot that had previously been single-family-only zoned. In 2015, it reduced parking minimums and then got rid of them completely in 2021. In 2020, it allowed for more construction of Five-Over-One and similarly sized apartment buildings along transit corridors.

What happened? Compared to other parts of Minnesota, Minneapolis built more housing, saw slower rent increases, and saw a drop rather than a rise in homelessness. Minneapolis shows that a society that builds more is a society that's more affordable. From May 2019 to May 2024, the median home in the United State got 46.9% more expensive; in Minneapolis, that figure was just 11.4%. The Minnesotans for More Homes Initiative, led by Sen. Lindsey Port and Rep. Mike Howard, is now seeking to advance some of these successful missing middle housing policies statewide.

2: Single-Stair Reform

Recommendation: When states adopt the IBC, they can modify it as they see fit. States should modify their adopted IBCs such that they allow single-stair point access block apartment buildings up to six stories as long as they have appropriate fire safety provisions such as regulations on the number of units per floor per stairway and on the distance from the units to the stairway as well as sprinkler requirements and extra fire-resistant construction.

Allowing single-stair point access block apartment buildings can help reduce housing costs by promoting more dense infill housing in cities, particularly on small or irregular lots that are currently impossible to profitably build housing on.

The U.S. building code differs from the building codes of many other countries, and even differs from the National Fire Protection Association's model building code, in that it mandates that any residential building taller than three stories has to have two stairways. The allowable height in other countries for single-stair residences is often much higher: France and Sweden (16 stories), Belgium, Poland, and Norway (8 stories). The two walled-off stairways at opposite ends of the building mandate essentially forces apartment buildings into a set up known as a "double-loaded corridor" where you have a central corridor with units on each side of the hallway.

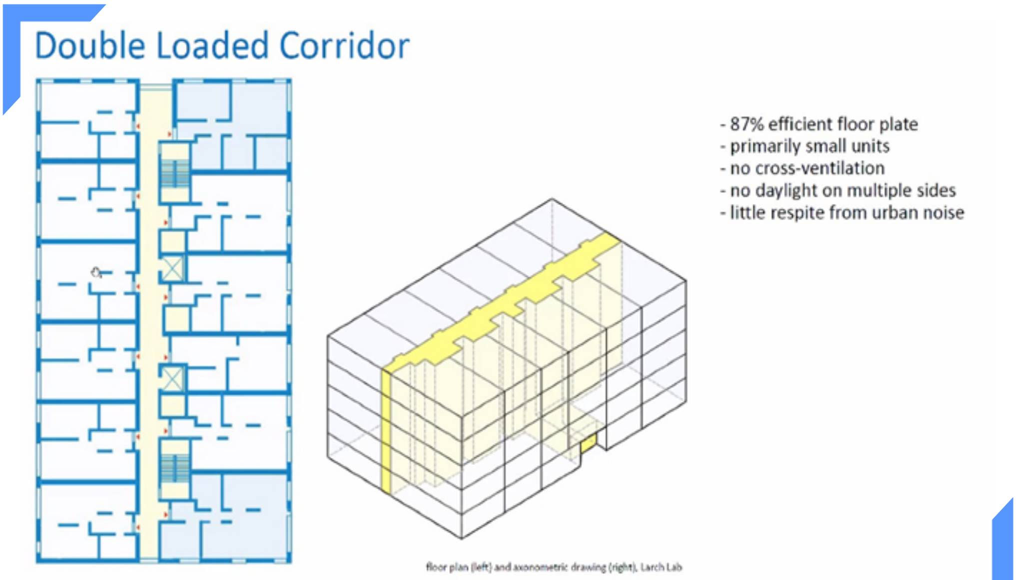

Image Credit: Mike Eliason.

in most of the rest of the world, this kind of layout is usually only used for student dorms or hotels, but "in most of North America, it has become the only realistic way to build apartments."

There are three problems with the double-loaded corridor design. The first is that it greatly constrains developers in building apartments with more ventilation and natural light. The second problem is that the double-loaded corridor makes it very difficult to build units with diverse layouts and bedroom sizes. This makes it a lot harder for developers to build apartments that are sized for and cater to families' needs (for example having a larger master bedroom and two smaller bedrooms). Third, the need for two staircases on small or irregular lots mean that buildings there cannot be profitably constructed and so often prevents infill development on those lots altogether.

By contrast, point-access blocks allow for better ventilation, more natural light, a better variety of layouts and bedroom sizes and thus more apartments for families, and most important of all for affordability, a much greater ability to fit well in smaller or more irregular lots. Eliminating the second staircase, also allows developers to cut out the long corridor connecting them, resulting in less wasted, unrentable space in the floorplan. That allows for more infill development and, because single-stair is important for these smaller lots and buildings, single-stair reform is especially helpful to small-scale developers.

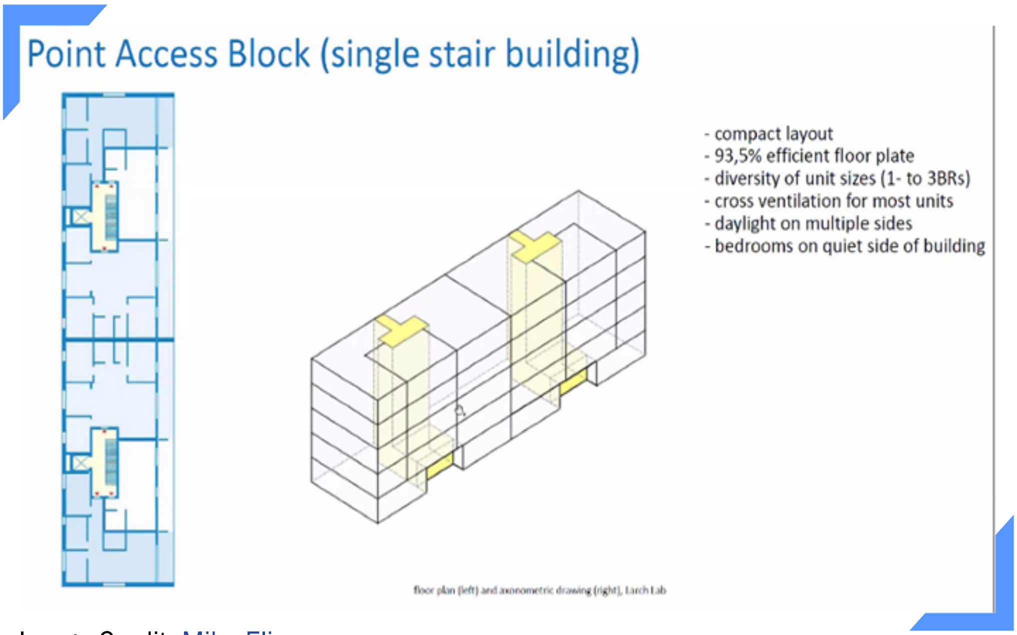

Image Credit: Mike Eliason.

Success Story: Seattle

Seattle's approach to single-stair is more similar to Germany's than the rest of the United States. They both allow four units per floor per stairway and regulate the distance from the units to the stairway. Seattle's code requires sprinklers and extra fire-resistant construction. It bears repeating that no one is calling for buildings that are not fire-safe, but there's more than one way to do fire safety, as point access block buildings around the world and in Seattle show. Point access blocks can deliver fire safety as well as the benefits discussed above. Oregon has adopted single-stair reform that is set to go into effect in 2025. Further efforts to enact single-stair reform are underway in California, Colorado, Virginia, and Pennsylvania. Other states should do this too.

3. Mass Timber

Recommendation: To promote an accelerated rollout of mass timber, Congress can 1) direct OSHA to develop specific safety guidelines for mass timber construction which will simplify compliance for builders, 2) direct the U.S. Forest Service to streamline processes related to permitting sustainable timber harvesting for mass timber production, 3) direct HUD to create an expedited approval track for mass timber designs in federally funded buildings, and 4) provide funding to the American Wood Council and APA- The Engineered Wood Association to do further research on mass timber prefabrication. The 26 states that have not already adopted the 2021 IBC updates on mass timber should do so as soon as possible.

New mass timber buildings can help reduce housing costs by increasing supply. Their benefits related to prefabrication, exposed wood, and compatibility with midrise building are especially helpful.

Mass timber involves using engineered wood products that have been cross-laminated (a new technique) to increase their collective strength. These products have strength to weight ratios comparable to other building materials like concrete and steel and the new production processes mean that they are far more fire-safe than the raw lumber typically used for single-family homes. As Paul Crovella, a professor of Environmental Science and Forestry at SUNY put it, “Mass timber really means that it’s timber in a scale that’s not traditionally used and it’s got these inherent fire-resistant properties that go along with it.” The first mass timber building that was constructed in the United States was in Montana in 2011. The 2021 update to the IBC now recommends allowing mass timber buildings of up to 18 stories.

Mass timber is starting to become much more commercially viable. In fact, the new Walmart headquarters in Bentonville Arkansas is made of mass timber. The tallest mass timber building in the world is now in Milwaukee Wisconsin. In 2020, there were only about 500 mass timber buildings in the United States; by 2023, there were more than four times as many completed or under construction. Demand for this technique is expected to continue to quickly rise and perhaps reach 24,000 new buildings by 2034. As of February 2024, 24 states from across the country have adopted the IBC 2021 regulations on mass timber and construction of these projects is starting to spread throughout the country.

Mass timber has three big benefits.

The first is that it improves productivity (and thus affordability) in construction. Most of the work is done off site at factories and then shipped ready-to-install to the construction site. This allows housing construction to achieve some of the efficiencies of assembly-line manufacturing, which it usually lacks. Because so much of the mass timber work is done off site, it requires fewer construction workers (as few as a quarter of what traditional methods need) and thus saves on labor costs. Additionally, since the developer doesn’t need to wait for concrete to set, HVAC, plumbing, and electrical construction can start more quickly. This is why mass timber construction takes 25% less time to complete than traditional approaches.It also generates less onsite waste. And, mass timber is conducive to safer, cleaner work environments for construction workers.

Second, mass timber buildings typically have a lot of exposed wood popular in today’s homes. Rather than asking citizens to sacrifice or tolerate higher costs of living, Democrats should be trying to create an abundant, climate-friendly society that people like the look and feel of. Mass timber achieves that goal. Mass timber buildings sequester carbon and do not use old growth trees but rather use the kinds of small diameter trees that foresters say need to be thinned anyway in order to prevent forest fires.

This is not just a Pacific Northwest thing either. The Southeast is seeing a rapid expansion in mass timber in part because the yellow pine that grows throughout the Southeast is ideal for mass timber.

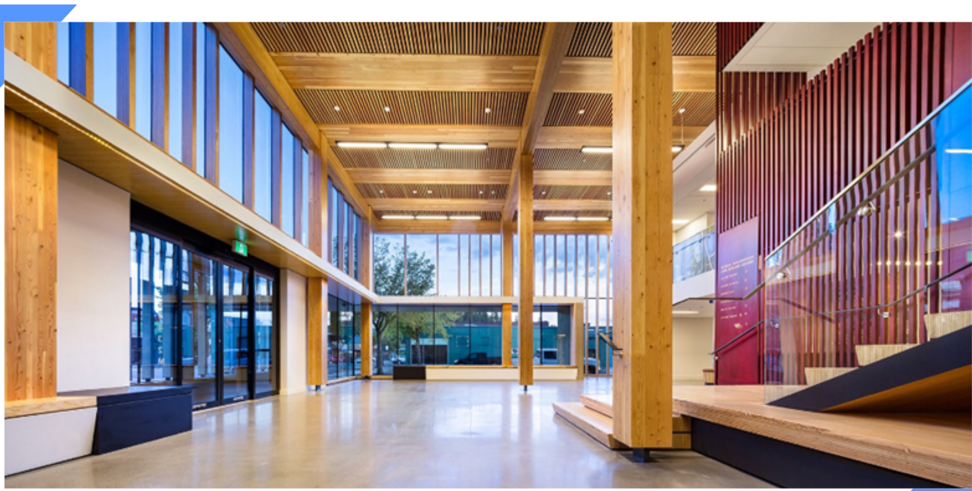

Image Credit: Architizer.

Third, mass timber goes particularly well with midrise buildings. Because they are so much more fire-resistant than normal light-frame wood construction, mass timber complements the kinds of building layout that would be unlocked by single-stair reform *and* goes well with midrise construction that is taller than a Fiver-Over-One can go

4.The Problem of Big, Expensive Elevators

Recommendation: NIST should develop a model code for smaller, more prefabricated elevators. The federal government can use its power of the purse, particularly through HUD, to encourage the adoption of this model code.

Reducing the cost of installing elevators would reduce the overall cost of apartment construction and so would help to increase the housing supply.

Installing an elevator in the United States is a lot more expensive than it is elsewhere. A standard four-stop elevator costs about $36,000 in Switzerland; it costs $158,000 in New York City, nearly four times as much. A six-stop elevator costs three times as much in Pennsylvania as it does in Belgium. These high costs mean that a lot of apartment buildings that otherwise would have a small elevator have no elevator at all. What we have done here is a great example of making the perfect the enemy of the good.

The origin of the problem is that the regulated size of elevators has continually increased, lots of individual jurisdictions have their own bespoke modifications to elevator building codes, we do not use the elevator standard common in most of the rest of the world (which limits competition and availability of parts), and special interests have prevented pre-assembly and prefabrication from being allowed. These four factors mean that elevators have to be very large by international standards and have to be constructed in unnecessarily costly ways.

To remedy this, in collaboration with the American Society of Mechanical Engineers (ASME) and the International Code Council (ICC), the National Institute for Standards and Technology (NIST) should create a model building code that allows for smaller and more prefabricated elevators. This code should ideally be substantially similar to the European standard so as to facilitate more competition and parts availability.

This model building code would amount to considerable technical assistance for cities and states, would help simplify and standardize regulations across state and local lines, and would improve accessibility, particularly for seniors and low-income people.

To encourage adoption of this model building code, HUD can offer additional points in competitive grant applications for housing projects that use this model code. Accessibility grants can be leveraged to retrofit apartment buildings that do not currently have elevators with these smaller prefabricated elevators. Even if it cannot fit a stretcher, a small elevator is much better than no elevator. Lastly, the federal government could condition housing assistance funding on states and cities adopting the model elevator code.

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5. Re-Legalize SROs

Recommendation: Congress should pass a law clarifying that the Department of Housing and Urban Development (HUD) has, under the authority of the 1968 Fair Housing Act, the right to legalize single-room occupancy buildings on any site it chooses in any state with a homelessness rate above 40 per 10,000 residents.

Allowing the construction of more single-room occupancy buildings would significantly increase the housing supply for the most budget-constrained renters.

It can be helpful to think of housing as a ladder, with the nicest mansion at the top and homelessness being when someone has fallen off the bottom rung of the ladder completely. One of the reasons that certain parts of the country have such high homelessness is that they've sawed off the bottom rung of the ladder entirely: single-room occupancy (SROs).

SROs are buildings that rent a single room to the tenant, and the tenant has access to a shared bathroom and kitchen. Historically, these were the cheapest accommodations one could get in American cities. They have never been fancy, but they were a safe place to sleep and store minimal possessions, with a door that locks, and access to basic hygiene and cooking facilities. In other words, they were miles better than being homeless. But after World War II, cities across the country either outright banned them or made them de facto illegal through zoning. This plays an important role in the high levels of homelessness seen in many American cities; when you chop the bottom rung off the housing ladder, a lot more people are going to fall into homelessness.

As Andrew Justus of the Niskanen Center put it: "While homelessness has myriad causes and individual struggles with homelessness are diverse, it is hard to ignore the correlation between the postwar decline in single-room rental supply and the massive increase in homelessness that began in the 1980s as the available stock of single-room rentals waned. Mass individual homelessness in its modern urban form was essentially unknown in America before 1980."

Re-legalizing SROs would be especially beneficial in high homelessness states. The homelessness rate for the median state is 11 per 10,000 residents. But some states perform much worse. There are 5 states with homelessness rates of more than 40 unhoused people per 10,000 residents: New York (52), Vermont (51), Oregon (48), California (46), and Hawaii (43). Except for Alaska, no red states are above 19 per 10,000 and many are below 10 per 10,000.

A broad federal takeover of any form of zoning is likely not politically possible or even desirable, but SRO housing is an area ripe for federal intervention. Under the 1968 Fair Housing Act, the federal government is obligated to "affirmatively further fair housing."This means that the federal government has the legal

authority to require these states to allow SROs to be built until and unless they increase their housing production such that their homelessness rates fall.

There is an opportunity for bipartisanship here. If Republicans understand that there is essentially zero chance that an SRO-legalization law applies to their states, they will be more likely to support it. Most blue states are also well below the 40 per 10,000 threshold. An SRO-legalization bill could unite Republicans and most Democrats, and any of these five states that disliked being singled-out in this way could always fix their housing policies to bring their homelessness rates down.

If that is politically infeasible, a less punitive approach would be for the federal government to provide financial incentives to states and cities with high homelessness to re-legalize SROs.

6: Remove the Chassis Rule for Small Manufactured Homes

Recommendation: Congress should strike the phrase "and is built on a permanent chassis" from the Definitions section, Manufactured Homes subsection of the National Manufactured Home Construction and Safety Standards.

Removing the chassis rule would facilitate the construction of more small manufactured homes and so would bring housing costs down, particularly in exurban and rural areas.

Much of the housing discourse focuses on urban areas and building multifamily housing, but there are people in exurban and rural areas struggling with housing costs too. There, the best way to help with affordability is to remove the unnecessary regulatory barriers standing in the way of small manufactured homes (SMH). Often left out of today's housing discourse, SMHs are providing 8.4 million affordable homes in the United States.

Small manufactured homes, often colloquially called mobile homes or trailers (even though they are not meant to be moved or pulled behind a vehicle) are the lowest cost form of single-family homes. There are often negative, classist stereotypes around SMHs and the people who live in them. But the families who live in SMHs are good people who face affordability challenges just like their counterparts in urban and suburban neighborhoods.We owe it to them to consider housing policy that addresses their needs as well.

One issue that needs to be addressed to increase SMH affordability is the chassis rule. During the Great Depression, itinerant Americans looking for work would affix some form of very basic shelter to a chassis and tow it behind a vehicle as they searched for work. Because these shelters had no real sanitation facilities, local zoning rules were often adjusted to ban them.

Unlike those trailers, later small manufactured homes were much higher quality and were not intended to be moved, but the National Builders Code, which was created in 1974 with significant lobbying from developers of stick-built homes, still requires small manufactured homes to have a permanent chassis. As a working paper from the Federal Reserve notes:

> “The permanent chassis requirement has a significant negative impact on the industry. First, by requiring a chassis, the regulation endeavors to make the small modular home resemble a trailer, linking the prejudices of trailers with small-modular homes. Second, since the house has a chassis, local zoning laws can often be applied to block it from the local area. Third, since it has a chassis, it’s argued that it can be moved (though they aren’t moved), so that the houses are financed as cars (with personal loans) and not real estate. Fourth, the regulation increases the cost of manufacturing the house.”

Removing the chassis rule would make small manufactured homes more attractive, lower in costs, more widely available, and easier to finance. Removing the chassis rule is a good place to start too because it is part of federal, rather than state and local, regulations. For Congress, the legislative fix is easy, requiring only that lawmakers strike “on a permanent chassis” from the definition of a manufactured home in the National Builders Code, and that HUD and the Manufactured Housing Consensus Committee revise their rules to accommodate off-chassis construction. Another area of potential reform is that programs that subsidize the construction of small homes typically exclude small manufactured homes.

This will help level the playing field for manufactured homes. As Matt Yglesias argues, once the chassis has been removed, “every other aspect of the law — zoning, mortgages, etc. — should draw no distinction between a house built in a factory and placed on a foundation and a house built on-site.” This would be a big win for lower-income Americans in exurban a nd rural areas.

D. Globalization Makes Housing Construction Cheaper

1. Free Trade With Free Countries: Building Inputs

Recommendation: Congress should amend 19 U.S. Code §1677 (7), which governs trade remedy law, such that it includes a Consumer Welfare Test that ensures that imposing antidumping and countervailing duties does not impose greater hardship on American consumers that it does benefits to American producers. This would part K to that subsection and could read something like "Before recommending the imposition of anti-dumping or countervailing duties, the Commission shall determine that the benefits of such duties to the domestic industry substantially outweigh the potential harm to consumer welfare in terms of price and product availability and, when making this assessment should consider the impact both for end users and for downstream industries.”

Another major construction cost is the building materials themselves. Unfortunately, federal policy makes these a lot more expensive than they need to be. There are tariffs (i.e. taxes) on virtually everything that goes into building a home: lumber, cement, tile, quartz, nails, rebar, washing machines, solar panels, flooring, sinks, steel pipe, cabinets, and more. Lumber is perhaps the most important input to building homes. Canada, our neighbor and closest ally, is a major producer of lumber, which should make this building material accessible and cheap, but the U.S. places a 14% tariff on Canadian softwood lumber. In 2021, homebuilders asked Congress to at least temporarily lift tariffs on construction inputs from Canada. Congress did not oblige.

This is not a small problem. Materials comprise about half of the construction cost of new housing development once it has made it through the regulatory process. Because zoning is usually less of a problem in exurban/rural areas, these tariffs are, relatively, a much worse impediment to housing construction there.

U.S. trade remedies laws around antidumping and countervailing (AD/CVD) expressly forbid agencies from taking consumers' interests into account. Congress should reform the antidumping and countervailing duties laws to change that. If that proves politically impossible, Congress can at least make those reforms with regards to lumber and other key building materials.

2. Immigrants are Critical to the Construction Industry

Recommendation: The President should not order immigration authorities to conduct mass deportations.

Migrant workers account for approximately 40% of all construction workers and an even higher percentage in certain occupations. Undocumented migrants represent 23% of all construction workers and an even larger share of specific jobs, including 38% of drywallers, 32% of roofers (a particularly dangerous job), 29% of painters, 25% of brickmasons, and 24% of floor and carpet installers. Immigrants are building America, as they always have.

Researchers have found that deporting undocumented immigrants leads to a substantial reduction in home building. Contrary to popular myth about immigrants taking jobs, those researchers found that these immigrants were complements to rather than substitutes for native-born construction workers. Simply put, migrant workers often perform dangerous, difficult, necessary jobs that native-born workers do not want to do. So, deportation of these workers can halt an entire project, reducing employment for native-born workers as well. This is in line with other research showing that deportations kill more jobs for native-born workers than they create.

Immigration enforcement that disrupts the construction workforce means higher home prices. This is another area, like trade policy, where the federal government can play the lead role. Whatever one thinks of overall immigration policy, we need migrant workers if we are going to build out a lot more housing.

E. Summary

What Can the Federal Government Do?

- Technical Assistance and Grants
- Fiscal Carrots and Sticks on Local and State Zoning
- Create Streamlined National Standards for Mass Timber
- Re-Legalize Single-Room Occupancy Buildings in States with High Homelessness
- Eliminate the Chassis Rule for Small Manufactured Homes
- Remove or Reduce Tariffs on Imports From Allies of Key Construction Inputs
- Ensure that Immigration Enforcement Doesn't Undermine Homebuilding

What Can State and Local Governments Do?

- More Mixed Use Zoning
- Duplex/Triplex Reform
- ADU Reform
- Eliminate Parking Minimums
- Embrace Five-Over-Ones
- Single-Stair Reform
- Adopt the IBC 2021 Standards for Mass Timber

III. ENERGY AND INFRASTRUCTURE:
A SOCIETY THAT BUILDS

A. The Problem

America's energy and infrastructure challenge sits at the confluence of several factors.

The first is that energy is a crucial input for everything else. It's how we keep the lights on, the factories producing, the cars moving, and the air conditioning running. Consequently, it's a big cost component for families; it comprises 7% of the Consumer Price Index.

Second, demand is projected to continue rising. Rapid advances in artificial intelligence and cloud computing mean that there are more and bigger data centers that have to be constructed. That adds to electricity demand. A gigawatt of electricity is about what is produced by a large nuclear power plant. In 2017, data centers needed nine gigawatts of electricity. By 2029, they are expected to need 32 gigawatts.

As climate change continues, there is greater demand for air conditioning. The building of clean tech manufacturing means more electricity demand. Utilities projections of how much electricity these kinds of factories will need over the next five years has doubled and will likely grow further.

Third, even while energy abundance is critical to affordability and growth, we want as much of that energy as possible to be green in order to mitigate climate change. There's a big environmental difference between a 2.8C rise and a 2.1C rise in global temperatures. And that will require a lot of new infrastructure.

Fourth, the American public wants to address climate change but is ambivalent to hostile to costs being allowed to rise in order to fight climate change. It is worth noting too that less affluent Democrats are more moderate on environmental issues than rich Democrats.

Fifth, the Biden/Harris administration already passed the Inflation Reduction Act, which was the largest investment in climate technology in America's history. There is much to like about it, but given that the IRA has already happened, and given how high the current federal budget deficit is, a second big spending package on green energy and infrastructure is unlikely to materialize. Therefore, if Democrats want to promote green energy abundance in order to lower Americans' cost of living while simultaneously taking further climate action, we will need to look to regulatory policy to deliver that.

In this section, we argue that reforms in four areas (Building, Transmission, Inputs, and Transportation) can do that.

- First, we explain how changes to NEPA, the Jones Act, the Nuclear Regulatory Commission, and refrigerants can make it easier and cheaper to **Build** abundant green energy.
- Second, we look at how policy changes can make it cheaper and easier to **Transmit** green electricity from where it is produced to where it is needed.
- Third, we examine how policy reforms can unlock greater production and greater imports of key green energy Inputs.
- Finally, we lay out how better procurement policies and facilitating work-from-home coupled with more bike lanes and more autonomous vehicles can make it easier and cheaper both for the government to build necessary **Transportation** infrastructure as well as cheaper and easier for Americans to get around.

A2. An Updated Environmentalism That Builds

The first Earth Day was in 1970, fifty-four years ago. Since then, environmentalism has had some impressive successes. Since 1980, carbon monoxide is down 80%, sulfur dioxide is down 93%, lead in the air is down 99%, cap and trade effectively addressed acid rain, the Montreal Protocol stopped and then reversed ozone layer damage, and 99% of species on the Endangered Species List have been saved. The median lead level in children's blood in the United States is less than 5% of what it was in 1978. Deforestation is down and global tree cover is up. We have a Clean Water Act, a Clean Air Act, and the Inflation Reduction Act (the Green New Deal in all but name).

Regrettably, much of that late 60s/early 70s environmentalism came with an anti-capitalist streak that remains a part of environmentalism today. Many progressives continue to believe that effectively addressing climate change requires some kind of fundamental reordering of our political and economic system. Lately, the far-left has even ventured into "degrowth", the insane idea that, in order to beat climate change, we must sacrifice or even reverse economic growth.

That argument has a number of serious problems. For starters, it isn't necessary. More than 40 countries including the United States, have decoupled their economic growth from carbon dioxide emissions. Moreover, the public hates the idea of sacrificing economic prosperity for climate action. A political party that actually embraced degrowth as a governing philosophy would face electoral obliteration. Not to mention the fact that would require an unprecedented level of central planning and coercion. Also, whatever the pretensions of degrowth advocates, the consequences of scarcity, self-imposed or otherwise, fall hardest on those at the bottom rather than those at the top.

The question before us is not how to convince people to have less but how to fully decouple growth from carbon emissions and how to unleash innovation and green energy production such that reducing emissions and raising living standards go hand-in-hand. To do that, we have to build.

A great start on this is The Energy Permitting Reform Act of 2024 sponsored by Senators Manchin and Barrasso. The bill is an excellent, bipartisan, all-of-the-above approach to energy. It calls for a wide variety of different policy changes.

It would establish a 150-day judicial review ‘shot clock’ (Title I) and require FERC to assess any future federal regulations’ impact on reliability (Title V). It would set deadlines on decisions on liquified natural gas exports (Title VI) and would allow for extensions of construction deadlines for hydropower projects (Title VII). It requires the Secretary of the Interior to have at least one offshore wind lease sale and at least one offshore oil and gas lease sale per year (Title III). The bill’s other two Titles related to onshore permitting (Title II) and transmission (Title IV) are arguably even more ambitious.

With regards to accelerating permitting for onshore energy projects, it:
- Streamlines oil and gas leasing.
- Extends drilling permits from three-year to four-year.
- Expands Indian tribes’ ability to grant right-of-way access on their land if they choose to do so.
- Instructs the Secretaries of the Interior and Agriculture to promulgate rules for categorical exclusions for low-disturbance renewable energy projects and for certain electrical transmission upgrades.
- Sets a goal of 50 gigawatts of renewable energy on federal land by 2030.
- Streamlines leasing and permitting for geothermal energy.
- Clarifies rules for locating critical minerals mines on public lands.

With regards to electricity transmission, it:
- Amends the Federal Power Act to streamline permitting for electricity transmission.
- Expands FERC’s authority to issue permits for electricity transmission projects it deems to be in the national interest.
- Updates cost allocation procedures.
- Designates FERC as the lead agency for the purposes of interstate and interagency coordination.
- Clarifies that FERC’s interregional transmission plans are not a “major federal action” for the purposes of NEPA.

This bill is great. There are even more reforms needed though.

B. Building

1. Permitting

Though it was not intended to be when it was written in 1970, the National Environmental Policy Act (NEPA) has become a major problem for green energy project construction. NEPA and its state-level equivalents have blocked or delayed wind energy off of Cape Cod, a geothermal energy project in Nevada, congestion pricing in New York City, solar power in Nevada, a light-rail project in Seattle, upzoning in Minneapolis, wind energy in Wyoming, and much more. NEPA makes it so that a geothermal project needs up to six different lengthy, complicated, costly assessments that make it take 7 to 10 years to complete. There are currently 42 megawatts of offshore wind energy in operation along America’s coast; there are more than 20,000 megawatts worth of wind energy projects stuck in the permitting process.

Recommendation: Local governments should allow more mixed-use zoning. The easiest place to start with this is to allow more housing in areas that are currently zoned as commercial. State governments can incentivize and encourage this as befits their state’s economic context.

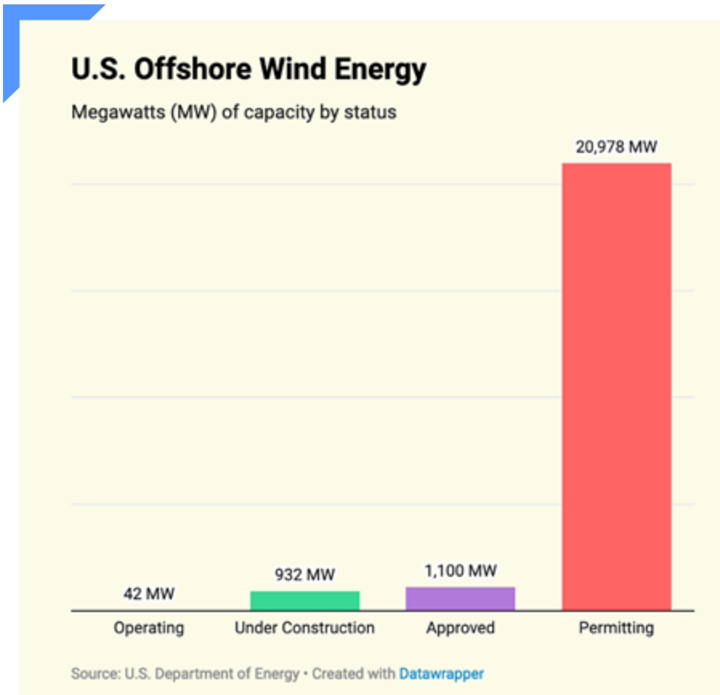


Image Credit: Institute for Progress.

Many federal projects are required to go through NEPA review even if they have no plausible environmental impact at all. During the Great Recession, President Obama's key stimulus package, the American Recovery and Reinvestment Act, got stymied by 192,705 NEPA reviews. In addition to all of the holdups, NEPA has a chilling effect; many developers and investors shy away from green energy because they fear the relentless delays and headaches that NEPA will cause.

State-level permitting can also be a problem. SNCF, the French national railway tried to help California build high-speed rail but ultimately couldn't navigate the state's byzantine maze of regulations and left in 2011. As Dan McNamara, a project manager at SNCF, recalls "SNCF was very angry. They told the state they were leaving for North Africa, which was less politically dysfunctional. They went to Morocco and helped them build a rail system." Morocco got a bullet train in 2018. California still doesn't have one. With regards to their 'baby NEPAs', state governments should implement reforms similar to the Congressional recommendations described above.

2) The Jones Act, Wind Energy, Outside the 48, Home Heating, and Heat Pumps

Recommendation: Congress should repeal The Merchant Marine Act of 1920 ("The Jones Act") or should create significant exemptions to it with regards to Hawaii, Alaska, the five overseas territories, liquified natural gas, and wind turbine installation vessels (WTIVs).

The Merchant Marine Act of 1920, more commonly known as The Jones Act, inhibits the construction of offshore wind energy. Building these projects requires specialized construction ships known as Wind Turbine Installation Vessels (WTIVs). These special ships take major components like the tower and the blades from a port to where they will be installed.

The Jones Act exacerbates this bottleneck, requiring that only U.S.-owned and U.S. flagged ships may transport goods between U.S. ports. That leaves only one Jones Act-compliant WTIV in existence, which forces offshore wind builders to use a complicated, inefficient feeder barge system that drives up costs and so discourages wind energy buildout. The lack of WTIVs has forced developers to cancel planned wind energy projects and creates an invisible graveyard of an untold number of wind energy projects that were never pursued in the first place.

Of the more than 60,000 ocean-going commercial ships today, only 99 of them are Jones Act-compliant to ship goods between states. This drives up the cost of everything that has to be shipped to Alaska, Hawaii, and the five overseas territories (Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam, and the Northern Mariana Islands). The Jones Act hurt them quite badly. For example, it costs Hawaiians more than $1 billion a year. Residents of these places are American citizens and so if we're thinking about how to address high cost of living for Americans, this is something that should be at the top of Congress' agenda.

Meanwhile, natural gas is used to heat many of the homes in the Northeast and so, during winter, demand for natural gas there rises. The Jones Act makes it impossible for foreign-operated or foreign-flagged ships to move liquified natural gas between states. If they can be found at all, using Jones Act-compliant ships costs three times as much as a foreign-owned ship would; these costs get passed onto consumers. New England governors have asked for a waiver from the Jones Act so their citizens may more affordably stay warm in the winter. These waiver requests have not been approved.

Pipelines that could move natural gas to the Northeast have been stymied by the permitting challenges discussed in the previous section. To summarize, many U.S. consumers need natural gas to heat their homes during winter except -via excessive environmental regulations- we've made it harder and more costly to pipe natural gas to them and also -via the Jones Act- we've made it harder and more costly to ship natural gas to them. Moreover, by slowing the adoption of natural gas as a heat source, these rules prolong the use of heating oil in Northeast, which is much dirtier than natural gas.

Ideally, Congress would repeal The Jones Act entirely, but at least for the purposes of this discussion, waivers for offshore wind production, transportation of liquified natural gas between states, and full exemptions for Alaska, Hawaii, and the overseas territories would be a good start.

3) Nuclear

Recommendation: To further facilitate nuclear energy, the Nuclear Regulatory Commission needs to allow firms to continuously use developed, practiced designs repeatedly so that they can advance down the learning cost-curve and should streamline the Part 52 Process.

Nuclear energy has many advantages. It takes up far less land than wind and solar, it produces emission-free energy, and the amount of nuclear waste it creates (about 3 cubic meters per year per million people served) is very small and something we have lots of experience handling safely. Building more nuclear power in a cost effective way is not impossible. France gets about 70% of its electricity from nuclear energy. But here in the United States, we've made it very expensive to build new nuclear power plants; South Korea builds nuclear power for roughly one-third the cost of what we do.

This is especially problematic because for nuclear plants, the major cost is construction, not the fuel cost as is the case for fossil fuel plants. That means reducing construction costs would dramatically lower the cost of the electricity generated by nuclear, increasing access to affordable, abundant, green energy.

So why is nuclear so much more expensive in the United States than France? The first reason, as outlined by Brian Potter of the Institute for Progress, is that regulation increased a lot from the late 1960s to the late 1970s, and this necessitated higher labor costs, especially for expensive skilled labor such as engineers and managers, doubling the amount of labor, material, and equipment and tripling the amount of engineering services that go into a plant. Second, bespoke quality control requirements force nuclear builders to use special nuclear-grade components and materials even though they can cost 50 times more and there are no performance differences.

Third, new Nuclear Regulatory Commission (NRC) requirements are often applied not just to new plants but also to plants already under construction. That forces the company building a plant to go back several steps, redesign, and rebuild that part of the process. In 2009, Westinghouse was forced to go back and redesign its containment shells to withstand an aircraft strike, which caused delays and cost increases on two in-progress power plants.

All of these continuously changing regulations create the problem of FOAK (first-of-a-kind). A former chairman of the U.S. Nuclear Regulatory Commission once joked that in France they have hundreds of kinds of cheese but only two kinds of nuclear reactors, whereas in the United States it's the reverse.It is generally understood that, like anything else, the first time you build a certain kind of nuclear reactor it is going to be quite expensive but then the costs drop as the project managers and engineers build that same kind of reactor more and more. In France, nuclear reactors come in three standard types. That standardization brings down cost.

All of these cost increases mean that several nuclear plants already under construction have been canceled and many fewer are built than would otherwise be the case. One specific way to promote standardization would be for for the NRC to streamline the Part 52 Process for Combined License Applications and Design Certification to better accommodate standardized designs.

Success Story: The U.S. Navy and the ADVANCE Act
The U.S. Navy has built more than 200 nuclear ships and more than 500 reactor cores, all with zero reported reactor incidents. It has more experience building nuclear reactors than any other organization in the world and it has a strong track record of controlling costs and safely finishing construction on-schedule. How did it do that? It focused on keeping costs down (something the NRC does not do), repeated designs, and leaned into moving down the learning cost curve rather than doing FOAK-style new design parameters each time. That worked. The builders of the Virginia class nuclear submarine were, over time, able to cut over 100,000 labor hours from the construction process by learning from experience, simplifying design, and automating.

There is some room for hope here. the Bipartisan Infrastructure Law appropriated $2.5 billion for Advanced Reactor Demonstration Projects. Small-modular nuclear reactors are also showing a great deal of promise. Congress recently passed and the President signed the Accelerating Deployment of Versatile, Advanced Nuclear for Clean Energy (ADVANCE) Act, which among other reforms, facilitates development of Advanced Reactor and small-modular nuclear reactors.

The ADVANCE Act:
- Requires the NRC to process applications more quickly
- Gives the NRC flexibility to hire staff to speed up licensing
- Reduces fees for some applicants
- Requires the NRC update its mission statement to not "unnecessarily limit" the use of nuclear energy.

The recommendations mentioned above can build upon the helpful reforms in the ADVANCE Act.

4) Better Air Conditioners and Heat Pumps

Recommendation: The President should invoke the Defense Production Act to permit IEC recommendations on hydrocarbon refrigerants as an exception to the UL recommendations which maintains the older, now outdated standard on those refrigerants in heat pumps.

The vast majority of U.S. air conditioners and heat pumps use hydrofluorocarbons (HFCs), particularly HFC-410a, as their refrigerant. When HFC-410a is released into the atmosphere, it is more than 4,000 times as potent of a greenhouse gas as carbon dioxide. But there's a new, better alternative.

In 2022, the International Electrotechnical Commission (IEC), the international body that sets standards for home appliances, voted to allow hydrocarbons like propane to be used as refrigerants for the first time. The United States was part of the IEC vote in 2022 and voted for the change.

These hydrocarbons have been used safely in refrigerators for many years now, showing that they do not pose an elevated safety risk, and they have less than one-one thousandth the greenhouse gas impact as HFCs. Other countries are quickly updating their building standards to allow for heat pumps and air conditioners that use these hydrocarbons.

Not only that, these hydrocarbons are cheaper to produce than HFCs and more efficient than other refrigerants. Refrigerant-grade propane costs about $7 a pound to produce, and that price is likely to come down a lot as economies of scale are achieved (combustion propane which is already done at scale can be produced for about $1 a pound). By contrast, synthetic refrigerants typically cost between $40 and $60 dollars per pound to produce. Additionally, as regulation on HFCs gets stricter, that makes hydrocarbons comparatively more attractive. That could make air conditioners and heat pumps cheaper for consumers.

But, before these hydrocarbons like propane can be used as refrigerants, UL Solutions (UL) and the American Society of Heating, Refrigeration, and Air-Conditioning Engineers (ASHRAE) need to update their safety standards. The UL and ASHRAE process for updating their standards typically takes years. And the UL Standards Technical Panel and ASHRAE, which both must vote to allow these hydrocarbons, are primarily comprised of producers who benefit from the status quo and would be economically threatened by the widespread adoption of these new hydrocarbons.

Fortunately, there is a fast and effective way to get around this problem: the Defense Production Act. The President can use that to allow the new IEC standard as an exception to the UL standard.

C. Transmission

Recommendation: Congress should update the Federal Power Act and the Energy Policy Act of 2005 to give FERC greater ability to designate electrical transmission corridors and to have explicit authority over high-capacity transmission lines that follow interstate highways. Congress should also amend the National Interstate and Defense Highways Act of 1956 to encourage the use of interstate highway rights-of-way for high-capacity electrical transmission lines.

Solar and wind energy production capacity are accelerating at a remarkable rate, which is good because more clean energy production increases the supply of electricity, bringing down costs for consumers, helping reduce carbon emissions, and fighting climate change.

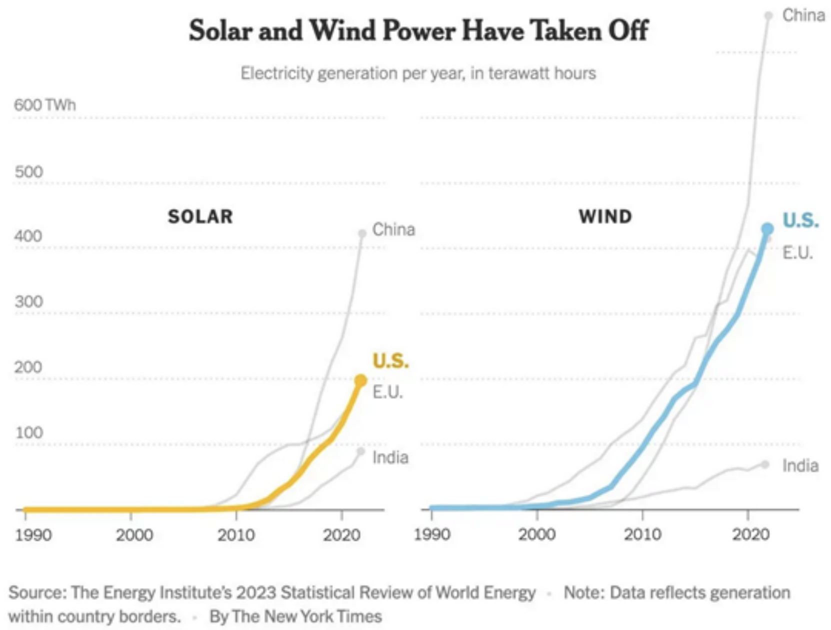


Image Credit: Manuela Andrioni, New York Times.
Clean Energy's Powerful Momentum. Oct. 24, 2023.

There's a problem though. The places where it makes the most sense to build a lot of this new green energy are frequently not close to the places where people want to consume that electricity.

Here's a map of solar energy potential in the United States. Parts of the Southwest are a solar bonanza but, except for Phoenix and Las Vegas, there aren't many cities there. The electricity that solar energy creates needs to be moved to elsewhere in the country.

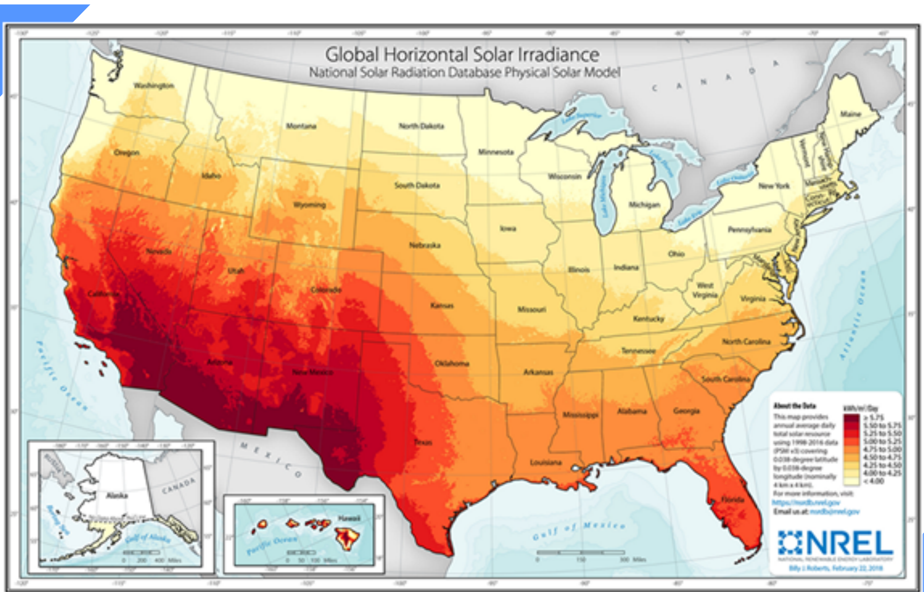


Image Credit: Energy Information Administration.

Here's a map of wind energy potential in the United States. It's strongest in the Great Plains. Again, that's an incredible resource, but there aren't many cities there. The electricity it creates will need to be transmitted across significant distances to other parts of the country.

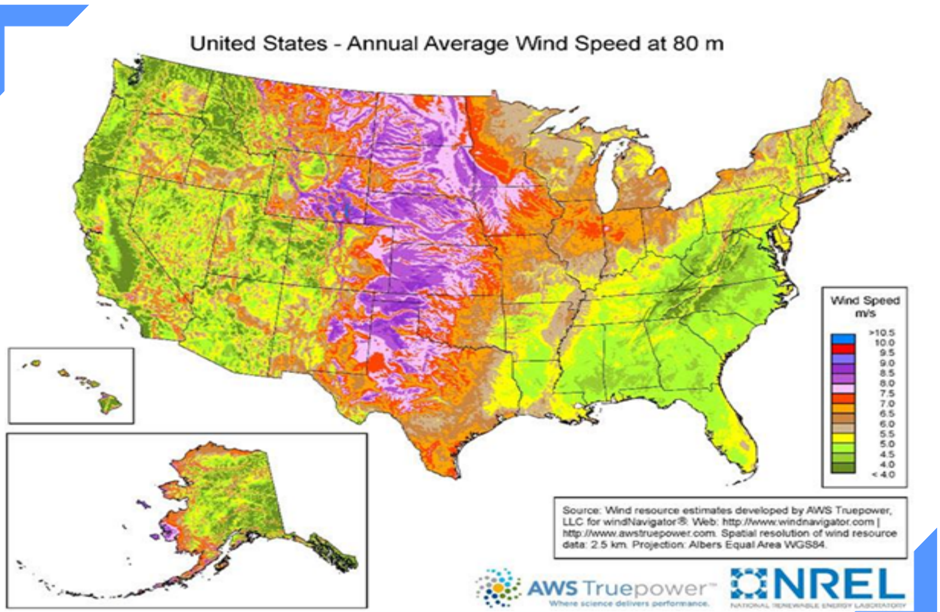


Image Credit: Energy Information Administration

What we need are high-capacity electricity transmission lines to efficiently move that electricity. And we need a lot of them. The United States currently has about 150 million MW-miles of transmission capacity in operation today; we probably need another 100 to 120 million MW-miles installed to meet the forecasted surge in electricity demand. Unfortunately, our current approach of state-by-state transmission planning and permitting is not on track to deliver.

The benefits of a different approach could be enormous. Compared to our current approach, inter-state coordination and transmission expansion could cut the cost of delivering green energy by up to 46% and save American consumers up to $47 billion annually.

In particular, high-capacity transmission delivers great efficiency. As this graphic from Americans for a Clean Energy Grid shows, one 765 kilovolt (kV) has a cost per unit of capacity that is less than a quarter of what 230 kV can deliver; its higher voltage means there's less load loss, and it takes up far less right-of-way space than smaller capacity transmission.

FIGURE 15 Lower Transmission Cost per MW-Mile for Larger Conductors

TRANSMISSION VOLTAGE (KV)	COST PER MILE ($/MILE)	CAPACITY (MW)	COST PER UNIT OF CAPACITY ($/MW-MILE)
230	$2.077 million	500	$5,460
345	$2.539 million	967	$2,850
500	$4.328 million	2,040	$1,450
765	$6.578 million	5,000	$1,320

Image credit: Americans for a Clean Energy Grid.

The problem is that the construction of high-capacity transmission lines is rapidly going down rather than up. In the first half of the 2010s, the United States was constructing 1700 miles of high-capacity lines per year. In the second half of the 2010s, we were building 645 miles per year. In 2022, we built a paltry 198 miles.

The lack of transmission is already having an impact on building out wind and solar energy. Thousands of wind and solar projects are facing multiyear delays because, if they were built now, there'd be no way to transmit the energy they produce

The Three P's of electricity transmission are planning, paying, and permitting. In May 2024, the Federal Energy Regulatory Commission (FERC) took a major stride on **planning** and **paying.** It passed Order 1920 which, in the words of Breakthrough Energy, "might be considered the most significant regulatory milestone" concerning interstate power lines in nearly three decades. Order 1920 updates cost allocation rules and encourages long-term, regional transmission planning. FERC, and the Biden/Harris administration appointees who made the key votes to get these orders passed, deserve a lot of credit for this.

Unfortunately, **permitting** remains a major challenge as high-capacity lines must navigate a labyrinth of different states' siting, permitting, zoning, land use, eminent domain, and environmental laws. Studies by the Department of Energy, FERC, and independent researchers show that this patchwork of regulations adds considerable complexity, time, and costs to building transmission lines. They impede reliability improvements, open up opportunities for local political obstruction, inhibit interstate cooperation, and make financing difficult due to additional uncertainty. It's worth noting that the permitting time is actually longer than the construction time. In other words, it takes longer to get permission to build these lines than it does to actually build them.

We can do permitting differently and we already do it differently...when it comes to natural gas pipelines. Unlike with high-capacity electricity transmission lines, FERC oversees a centralized process for siting interstate natural gas pipelines. This helps streamline and expedite construction, and federal eminent domain laws apply, so it is much easier to acquire right-of-way. Without this system, the natural gas boom unleashed by hydraulic fracturing would have been largely moot.

We need Congress to overhaul high-capacity, long-distance electricity permitting and **place it fully under FERC's jurisdiction.** Some areas of policy are of such national importance that we do not allow state-level preferences to stand in the way of what's best for the country as a whole. Electricity transmission, like natural gas transmission, should be understood as one of those policy areas. Several bills currently under consideration such as the Promoting Efficient and Engaged Reviews (PEER) Act sponsored by Senators Carper and Schatz and the Clean Electricity and Transmission Acceleration Act sponsored by Representatives Casten and Levin make this proposal.

While Congress is working on that overhaul, one way the federal government could try for an early harvest of this national siting would be to try to co-locate as much of this new high-capacity electrical transmission as possible along interstate highways, which the federal government already has significant power over through the Federal Highway Administration (FHWA). The FHWA gives states the ability to co-locate utilities along federal highways but this is usually for local electricity transmission purposes.

To more clearly authorize the construction of high-capacity long-distance electricity transmission lines, new legislation from Congress clarifying this is likely needed. Representative Sean Casten has, in particular, been a forward-looking champion of this reform. States can do this too if they want; in 2010, Maine designated energy corridors to this effect.

Importantly, a 765 kV line only needs 200 feet of right of way. That makes them **much easier to place along interstate highways** than the 900 feet of right of way needed by six 345 kV lines. Co-locating them along interstate highways would have the added benefit of enabling more Level 3 Direct Current Fast Charging (DCFC) stations for electric vehicles.

D. Inputs

1.Green Steel and Green Concrete

Recommendation: The most important factor in green steel being more commercially competitive and possibly bringing down the overall cost of steel production is electricity. Therefore, the most important thing federal policymakers can do to accelerate the rollout of green steel is to support the energy production and transmission policy reforms discussed above.

An additional way to help accelerate the development of green steel and green cement would be for Congress to streamline the application and approval procedures for the Industrial Demonstrations Program. This would lower administrative burdens on businesses in these industries.

One way we can combine climate action with a supply-side orientation is to facilitate the rollout of green steel and green cement. Steel is one of the most important building inputs in our society and traditional steel is very carbon-intensive (making one ton of steel produces 1.85 tons of carbon dioxide). It is for this reason that steel production makes up 8% of all global carbon emissions. If we are going to be a society that builds affordably while effectively addressing climate change, we need a greener form of steel.

Fortunately, we already have a way to do that. Steel manufacturers have developed a new process called molten oxide electrolysis that uses electricity to eliminate the need for coke and other carbon-emitting steps in the steelmaking process. As long as the electricity is green, this form of steelmaking is essentially zero-carbon. Because it is dependent on high volumes of electricity, whether or not this form of green steel is cost-competitive with traditional steel is a function of electricity prices. Estimates suggest the breakeven point is somewhere between 15 and 30 dollars per megawatt-hour. The upshot of this is that if we can get green energy to be abundant enough and thus cheap enough, green steel is not only carbon-free but cheaper to produce than traditional steel.

Scientists have also found new ways to make green concrete that sequesters 45% of the carbon produced making the concrete without sacrificing strength or structural integrity. This technology is less advanced than green steel but shows it is not inevitable that materials must always be as carbon-intensive as they have traditionally been, which means that having an abundant affordable society and having a society where prosperity walks lightly on the Earth are two things that can in fact go together.

2.Free Trade in Green Goods

Recommendation: The President, through the U.S. Trade Representative's Office, should negotiate an Environmental Goods Agreement that will reduce tariffs on green goods like wind turbines and solar panels. This agreement should take the form of a sectoral plurilateral akin to the successful expansion of the Information Technology Agreement in 2016.

Solar panels are twice as expensive in the United States as abroad, mostly because we impose significant tariffs, i.e. import taxes, on them. This not only makes electricity generation more expensive than it needs to be, it costs Americans jobs. Most solar jobs are not in production (which is highly automated) but rather in installation and maintenance (which is much harder to automate); in 2022, there were more than five jobs in solar installation and maintenance for every one job in solar panel production.

We should help lower costs for American electricity consumers, create jobs for American workers, and reduce emissions reductions by extending the solar panel tariff exemption in place for Cambodia, Malaysia, Thailand, and Vietnam until June 2024.

The United States can also promote trade liberalization in green goods and reduce costs for consumers by completing a deal on an Environmental Goods Agreement (EGA). Negotiations on an EGA started in 2014 and made progress through 2015. By the end of 2015, participating countries had mostly agreed to a list of approximately 350-375 goods that would qualify as green goods for tariff reductions. This list includes goods like solar panels, wind turbines, water heaters, heat pumps, bicycles, and other items that help reduce greenhouse gas emissions. Unfortunately, an EGA could not be completed during the Obama administration and has stalled since then despite the fact that the President has broad authority to complete such an agreement without congressional approval.

3.Make It Easier to Mine Critical Minerals

Recommendation: Congress should restore the Bureau of Mines and should pass the Global Strategy for Securing Critical Minerals Act of 2024.

The United States, under the Biden/Harris administration, produces more oil than any country ever. They get it. To be an economic powerhouse and to bring down cost-of-living, we have to be willing to pull resources from the ground if that is what our economy needs. What's true for oil is also true for critical minerals.

The abundant green energy future we want relies on minerals like lithium, cobalt, terbium, niobium, among others. Those minerals have to come from somewhere. The good news is that we already have a lot of those minerals here in America. There's been a massive new lithium discovery in California, a huge find of neodymium and praseodymium oxides and terbium in Wyoming. The world's second largest deposit of copper is in Minnesota, there's a large thorium deposit in New Mexico, and there are more rare earth elements in Texas.

As recently as 1990 we were the largest producer of critical minerals in the world. Now we're not. When we collectively choose to disallow mining those critical minerals here, that means they get mined elsewhere, often either in China where they bolster the power of our chief geopolitical rival or sub-Saharan Africa where labor rights and environmental protection are essentially nonexistent.

As Kite and Key Media explains, "unless we want to abandon all of our sophisticated technology, our dreams of a cleaner energy future, or even our ability to protect our military, we have no choice but to depend on the people we send into mines. They could be laborers working under the thumb of the Chinese Communist Party and children pressed into servitude in the Congo, or they can be Americans working high-tech mines in places like Texas, Alaska, and Idaho."

Some lawmakers in Congress are working to ensure that we can take advantage of these resources. The "Global Strategy for Securing Critical Minerals Act of 2024", a bipartisan bill co-sponsored by Senators Warner (D-VA), Rubio (R-FL), Hickenlooper (D-CO), Coons (D-DE), King (I-ME), and Kelly (D-AZ)), aims to promote access to critical minerals. The legislation supports U.S. firms' critical mineral projects abroad, support of those projects through the U.S. International Development Finance Corporation, and in greater cooperation and information sharing with allies with regards to critical minerals.

This is an excellent start. Some of the NEPA reforms we discussed in the Building section might be leveraged here as well. NEPA reviews have held up a copper mine in Arizona that could satisfy a quarter of U.S. demand as well as a major lithium mine in Nevada. The United States has the second longest mine development time from first discovery to first production in the world. Canada and Australia, two of our peer countries, open mines far faster than we do while still protecting their environments.

Another avenue of reform could be to restore the Bureau of Mines. The Bureau of Mines was closed in 1996 due to budget cuts. Bringing it back could consolidate permitting, fund innovation in mineral collection that enhances environmental protection and lowers costs, and help us compete with China.

E. Transportation

1. Procurement

> **Recommendation:** State and local governments can do their public infrastructure procurement more efficiently by building smaller stations for rail, use more cut-and-cover construction methods and tolerate the above-ground disruption, and use standardized designs wherever possible.

The United States has one of the highest per mile costs in the world for constructing rapid rail transit, even though states and localities specifically avoid tunneling because we are so bad at building tunnels at a reasonable budget. according to research from the Transit Costs Project at the NYU Marron Institute and the Eno Center for Transportation. Spain builds rapid rail transit for a fifth of what the United States does. For tunnel projects, the United States spends more per mile than anywhere else in the world, and ten times as much as Norway.

The 2nd Avenue Subway extension in New York City cost $2.6 billion per mile; Copenhagen, Madrid, and Paris recently completed projects for $323 million, $320 million, and $160 million per mile. Austin, Atlanta, New York City, and Philadelphia have all been forced to delay, scale back, or cancel important infrastructure projects due to exorbitant costs. Nor is this limited to rail transit. The same factors that make rail more expensive to build also drive up highway construction costs.

Why does this happen? The core problem driving costs in procurement is that special interest groups and government officials seek to accomplish a wishlist of goals with one infrastructure project rather than focusing exclusively on building the infrastructure to be high-quality and cost-effective. Ezra Klein famously dubbed this "Everything Bagel Liberalism."

Environmental goals, special favors for labor unions, protectionist 'make more stuff here' mandates, job creation side quests, extra efforts not to cause short-term disruption, fees paid to consultants, and more contribute to inefficient spending. While some of these goals may be individually laudable, together they make high-quality infrastructure prohibitively expensive.

There are a depressing number of semi-famous examples of this. There is La Sombrita, a bus stop shade post in Los Angeles that provides near-zero shade or light but still managed to cost $200,000. There's the toilet that

San Francisco planned to build for $1.7 million before public backlash. There's the Washington Mall Carousel that closed in 2023 for maintenance but won't be operational again until 2026. And Boston's "Big Dig," completed a decade late with cost overruns amounting to 190% of its original pricetag. The list could go on and on.

There are certain things state and local governments can do to make infrastructure spending more efficient. They can build smaller stations for rail infrastructure since it is the stations that often comprise a disproportionate share of the spending. They can use more cut-and-cover construction methods and tolerate the above-ground disruption. They can take a page from the French playbook on nuclear energy and standardize designs wherever possible. The permitting reforms discussed earlier would help too.

As important as any policy change though, there needs to be a culture change and viewpoint shift at all levels of government where officials stop viewing infrastructure as a way to create jobs and spend money and do a variety of other tasks and instead focus exclusively on delivering value for taxpayers.

2) Airline Cabotage

Recommendation: Congress should amend the Airline Deregulation Act of 1978 and U.S. Code Title 49, Subtitle VII, Section 41703 to allow international airlines cabotage in the United States.

The U.S. government bars foreign airlines from serving the domestic market. That blocks competition for U.S. firms and so leaves the consumer with fewer options and higher prices. The EU has much more liberal cabotage rules and so they have more competition between airlines and consequently lower prices for comparable routes. Today, the European air market has legacy carriers like Lufthansa and has a number of excellent low-cost carriers like Ryanair.

Previous iterations of airline liberalization like the Airline Deregulation Act of 1978 and the Open Skies Agreement of 2007 have been shown to have had significant benefits for consumers. We should expect cabotage to be no different. Researchers estimate that the entry of a single European airline into the American market would save consumers about $1.6 billion per year and could improve service through fewer bag fees and/or greater leg room. Economists also estimate that relaxing cabotage restrictions would lead to more routes and more jobs in the American airline sector.

3) E-Bikes and Bike Lanes

Recommendation: Local governments should create more bike lanes. These lanes should, where possible, be fully separated from car traffic.

Bicycles are a relatively inexpensive way to get around and bicycle infrastructure is relatively cheap to implement, especially in comparison to something like high-speed rail. As long as the political will is there to take space away from driving and especially from parking, bicycle infrastructure is a cost-effective way to help people reduce their car usage, which ultimately saves them money, and improves road safety for cyclists.

Better bicycle infrastructure could be especially beneficial as electric bikes become more widespread. Four times as many electric bikes were sold in 2022 as 2019. As in other markets, the top-of-the-line e-bikes are expensive, but base models now sell for under $1,000. The cost of electricity is very small, between $30-50 per year. The combination of high-quality bike infrastructure and e-bikes could revolutionize urban transportation and make it so that many more households do not need to own a car if the do not want to. That would be a big cost-of-living help to them.

Success Story: Carmel, Indiana
Carmel, Indiana is an Indianapolis suburb so perhaps not the place one might expect to have great bike infrastructure. But it does. Its has 190 miles of off-street bike paths with 20 more miles on the way. Research on Carmel's bike infrastructure highlights its positive economic impact. Carmel's mayor James Brainard says that "there is no conservative or liberal way to provide good city services. The cost of building roads is a huge amount of money, and if we find our people want to use bicycles to get from one place to another, it is up to us to build the infrastructure economically that allows people to do that."

4) Facilitating Work-From-Home

Recommendation: States should use location of the worker rather than 'convenience of the employer' for tax treatment of remote work, should begin tax withholding at 10 days, and should work to reduce the extent to which occupational licensing creates friction for remote workers, ideally moving toward universal licensing recognition.

One of the main reasons that many people like to work-from-home is that it allows them to commute less. The more people can work from home the less they need to spend on gas and so facilitating work-from-home would be a smart way to lower Americans' cost of living as it pertains to transportation. There are two main ways that policymakers can directly help with that.

The first is tax treatment. Some states tax based on where the worker is while others tax based on the 'convenience of the employer.' States also differ on how long a worker must be in-state to have taxes withheld and many require tax withholding after just one day of work in-state. To remedy this, states that are currently 'convenience of the employer' should switch to location of the worker and states should wait until a worker has been remote in-state for 10 days.

The second is occupational licensing. If a worker is qualified and licensed in State A, State B will often not recognize that license. This makes it a lot harder for people working from home to digitally provide their services across state lines. A big way in which states can help facilitate work-from-home is to enter into more licensing reciprocity agreements with other states up to, ideally, universal license recognition. This policy improvement could also help alleviate service shortages in certain professions and thus reduce costs for consumers as well.

F. Summary

What Can the Federal Government Do?

- Reform NEPA
- Repeal The Jones Act
- Reform some of the ways the NRC regulates
- Invoke the Defense Production Act to allow for more advanced refrigerants
- Amend the National Interstate and Defense Highways Act of 1956, the Federal Power Act and the Energy Policy Act of 2005 to give FERC the ability to designate more high-capacity electricity transmission lines, particularly along interstate highways.
- Streamline the application and approval procedures for the Industrial Demonstrations Program.
- Negotiate an Environmental Goods Trade Agreement
- Restore the Bureau of Mines
- Allow International Airlines Cabotage in the United States

What Can State and Local Governments Do:

- Reform state-level "baby NEPAs"
- Reform Procurement
- Add Bike Lanes
- Facilitate Work-From-Home

IV. HEALTHCARE

The Problem

More than half of the American public considers the affordability of health care to be a very big problem. After inflation generally and housing in particular, Americans say that healthcare costs are their biggest financial problem, even above taxes and gas prices. 64% of middle-income respondents and 69% of lower-income respondents say they are very or moderately worried about not being able to pay medical costs in the event of a serious illness or accident. Even for people who have no trouble paying their bills each month, unexpected medical bills are the number one thing they worry about not being able to afford.

Since 2000, medical care inflation has outpaced overall inflation.

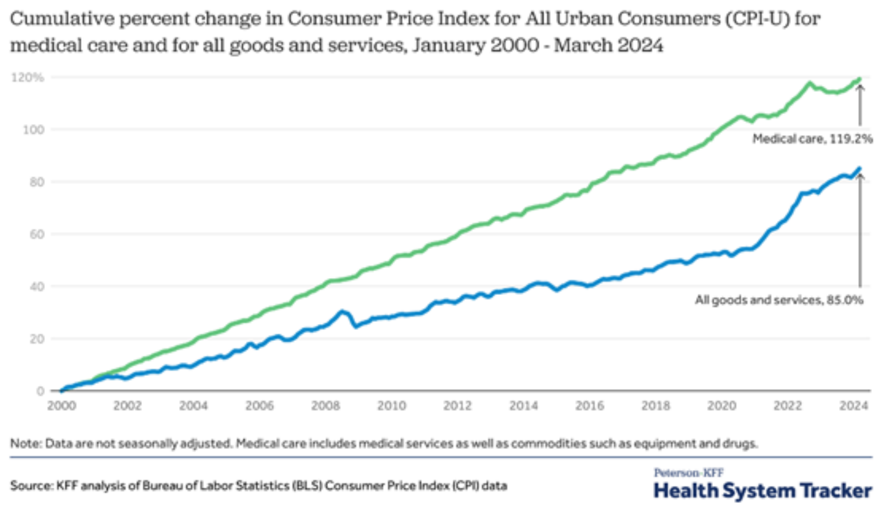


Image Credit: Petersen-KFF.

The United States spends significantly more on healthcare than our peer countries.

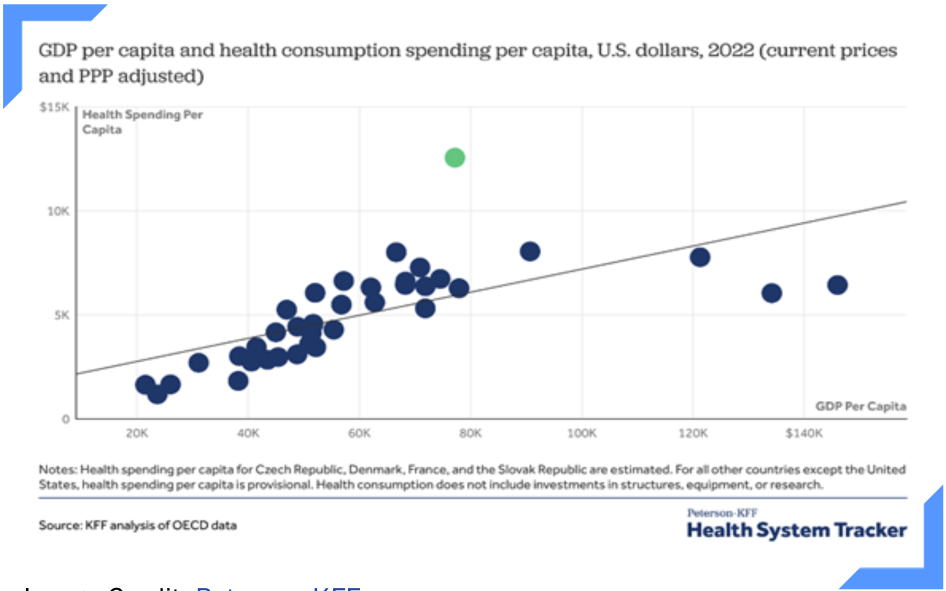


Image Credit: Petersen-KFF.

There are some nuances here to note. Medical services have seen more inflation than medical goods over the last 20 years. Within services, hospital services are up 7.2% over the last year, more than double the inflation for medical services overall (3.1%). Within goods, it is actually nonprescription drugs that have seen more inflation than prescription medication in the last year (5.9% versus 2.4%).

The Biden/Harris administration has taken several policy actions that help. As part of the Inflation Reduction Act, Medicare will now negotiate for lower prices on ten widely used prescription drugs with those lower prices taking effect in 2026. The IRA also capped annual out-pocket-prescription costs at $2,000, made vaccines free, and set a cap on insulin prices at $35 a month for Medicare beneficiaries, all of which take effect in 2025. These are important, positive steps in the right direction. Still, there are other reforms that could help too.

We argue that there are two main areas of reform that can increase healthcare supply and bring down healthcare costs: increasing the number of providers and promoting competition.

B. Increase the Number of Providers

1. Increasing Residencies

Recommendation: Congress should pass the Resident Physician Shortage Reduction Act of 2023.

The United States is projected to have a shortage of 124,000 doctors by 2033.
A medical residency is required to become a licensed physician. Most residencies are funded by Medicare, but in 1997, Congress capped the number of residency spots that Medicare would fund. This caused several problems. It created a bottleneck in the doctor pipeline. Even as the American population has grown and medical spending has increased as the population ages, the number of residency spots has barely budged. Thousands of medical school graduates now go unmatched with a residency every year. In other words, there are thousands of people with the intelligence and drive to make it through medical school and who could be excellent doctors who are being squeezed out of the system by this arbitrary cap.

Congress's 1997 cap also froze the geographical distribution of new doctors because residency slots stayed in the areas where they were allocated three decades ago. Because this funding has not shifted as the American population has and, because doctors tend to practice near where they did their residency, the doctor bottleneck is especially acute in the places that are growing the fastest.

Furthermore, the way the Indirect Medical Education program that funds the vast majority of residencies works disadvantages smaller facilities, rural areas, and primary care. It is unsurprising then that the doctor shortage is most acute in smaller facilities, rural areas, and primary care. The doctor shortage means higher prices, longer wait times, reduced access to care, and higher workloads for physicians in those areas.

The Resident Physician Shortage Reduction Act of 2023, sponsored by Terri Sewell (D-Alabama) and cosponsored by 160 Democrats and 22 Republicans, would allow for an additional increase of 2,000 residency spots per year above the 200 increase already allowed. The American Hospital Association supports this bill too. Furthermore, the residency funding approach right now is so broken that according to Robert Orr of the Niskanen Center, it might be possible to increase slots and reform how we fund residents in a cost-neutral way.

2. Scope of Practice for Physician Assistants (PAs) and Nurse Practitioners (NPs)

Recommendation: States should allow Nurse Practitioners and Physician Assistants to have "full practice" up to their level of education and training.

Physician Assistants (PAs) and Nurse Practitioners (NPs) receive postgraduate educations in medicine that are extensive (making them qualified to handle a variety of medical service tasks) but shorter than the medical school training and residency that physicians receive (meaning their training is cheaper).

PAs and NPs lower healthcare costs and expand access in several ways. First, they earn a smaller salary than physicians, so if there is a task that can be done equally well by a PA/NP as by a physician, the medical system saves money having the PA/NP do it. Second, by handling more routine cases, PAs/NPs free up physicians' time to handle more complicated and difficult cases. Third, PAs/NPs increase healthcare access and lower wait times, and this is especially important in underserved areas where there is a shortage of doctors.

The key question from a cost containment perspective is "scope of practice," or what tasks exactly can the PAs and NPs do. The more tasks they do, the more money we save, but there are obviously some tasks that are above their qualification level and that a physician must do for safety and efficacy reasons.

The problem is that some states have placed overly strict restrictions on the scope-of-practice for PAs and NPs such that they are not allowed to perform tasks that are clearly within their education/training level. PAs/NPs are clearly not interchangeable with physicians, but studies have found that excessive restrictions on PAs/NPs have adverse implications for costs and access, especially in primary care, where the shortage of physicians is particularly acute.

Twenty-nine states allow nurse practitioners "full practice," which means that they are allowed to evaluate and diagnose patients, order and interpret diagnostic tests, and initiate and manage treatment including prescribing medication. This full practice model is the model that the National Academy of Medicine endorses. Twenty-one other states restrict NPs ability to perform one or more of these functions. A meta-analysis found no evidence that states having more restrictions on NPs improved quality of care. This same meta-analysis found that those states have more limited access to primary care in rural areas.

3. Allowing Foreign Trained Doctors to Provide Services in the U.S.

Recommendation: States should grant provisional licenses to doctors with five years experience, who are in good standing in their home country, who have education and training substantially similar to U.S. education training and who pass the same medical exams as U.S.-trained doctors. These provisional licenses would allow them to practice under supervision for a preliminary period of time (two years for example) and then practice independently.

Expanding the number of residency spots would help in the long term, but a more immediate alleviation could come from allowing foreign-trained doctors to provide services in places and specialties that are currently experiencing shortages. For the most part, state licensure laws make it impossible for doctors trained and licensed abroad to practice in the United States. This is internationally unusual. Canada, Australia, and the European Union are happy to let qualified doctors immigrate and provide needed medical services.

There is, however, some ground for hope that this may be changing. Starting in 2025, Tennessee will be the first state to allow qualified, experienced doctors from abroad to practice in their state subject to passing the same standardized testing as U.S. medical school graduates and practicing under the supervision of a Tennessee-licensed physician for two years. Wisconsin, Florida, and Virginia have all recently passed similar reforms. So too have Arizona, Idaho, and Iowa. When asked about high-skilled immigrants increasing the number of doctors and nurses in their community, 74% of Americans consider that a positive, versus only 6% who think it would be negative.

4. Telemedicine

Recommendation: States should make it easier for out-of-state doctors to provide services in-state via telemedicine. They can do this by either creating special telemedicine licenses or simply requiring out-of-state doctors to register in-state and then giving them a waiver to practice via telemedicine. States can alternatively expand their licensing reciprocity agreements with other states.

There's enormous potential to use telemedicine to save patients money. According to one study in the Journal of the American Medical Association, for nonelderly patients with cancer, telemedicine saved between $147 and $186 per visit. Other studies find similar results.

Unfortunately, state-by-state licensing is currently impeding the delivery of telemedicine across state lines. Because the location of the interaction between the doctor and the patient is defined as the location of the patient, in most cases doctors cannot offer their services outside of the state in which they are licensed.

During the COVID-19 pandemic, a number of states suspended their in-state licensing requirements to allow medical professionals from other states to come to their states to provide services, but many of those exceptions have been rolled back. At least 30 states either ban or severely restrict out-of-state doctors' ability to deliver services via telemedicine.

On the other hand, some states are embracing telemedicine. Eight states have created special telemedicine licenses for doctors from out-of-state that want to deliver services via telemedicine in-state. Another eight states have made it even easier than that by simply requiring that out-of-state doctors register with or get a waiver from the state board to practice telemedicine. Maryland, Virginia, and Washington DC have a reciprocity agreement with each other, meaning that a doctor licensed in any of those states can provide telemedicine services across all three.

More states should adopt the waiver and/or reciprocity approach so that the use of telemedicine and the cost savings it brings can accelerate further.

C. Promote Competition

1.Repeal Certificate-of-Need Laws

Recommendation: States that have Certificate-of-Need Laws should repeal them.

In states with Certificate-of-Need (CON) laws, would-be new medical service providers must go before a board and prove that there is a need for their service in order to acquire a 'certificate-of-need' that allows them to operate.

Employees of incumbent providers are frequently allowed, and frequently do, sit on these boards. Those incumbents are thus being given an opportunity to squelch their would-be competition. In all but six states, incumbent firms are allowed to object to the application of their nascent competitor.

CON laws typically require those boards to deny the certificate if the would-be provider is going to 'duplicate', i.e. compete with, a service already provided by an incumbent. Some CON laws also require that a new service provider obtain a transfer agreement with an existing hospital; while that makes sense in certain circumstances, it creates yet one more way that incumbents can block the establishment of a new provider in their area.

Several states have repealed their CON laws over time. Still, today 39 states have a CON law in place for at least one medical service. The extent and rigor of these laws varies. Six states have CON laws for only one medical service, but 22 states have them for 15 or more different kinds of medical services.

CON law proponents contend that they promote cross-subsidization and so improve indigent care. They argue that CON laws lower all-cause mortality by pushing greater concentration of care to large facilities. They also say that they reduce healthcare spending.

None of these arguments are supported by the evidence. To the contrary, there's no evidence they promote cross-subsidization or improve indigent care. There is no evidence they lower all-cause mortality, and there is substantial evidence that they raise healthcare spending and per service costs.

There is no telling how many would-be providers never even apply for a certificate-of-need because they know that they will never get through the process. The breadth of evidence that these laws raise costs is nevertheless staggering. CON laws are associated with:

- higher variable costs in general acute hospitals,
- higher Medicaid costs for home health services,
- higher per admission hospital expenditures,
- uninsured patients having to pay more out-of-pocket, and
- higher expenditures per resident in nursing homes.

Compared to states without CON laws, states with CON laws have less access and lower quality care:

- 30% fewer rural hospitals,
- 20% fewer psychiatric facilities,
- Fewer hospital beds and imaging service providers,
- Longer wait times,
- Less access to care for underserved populations, and
- Higher mortality rates for heart attacks, respiratory disease, diabetes, COVID-19, and Alzheimer's.

Matthew Mitchell, who has done some of the most comprehensive research there is on CON Laws, conducted a meta-analysis of over 450 statistical tests across 128 research papers on Certificate-of-Need laws and found that CON laws undermine their own stated goals and raise health care costs.

2. Greater Antitrust Enforcement on Hospital System Mergers

> **Recommendation:** The FTC can and should enforce antitrust laws more vigorously among hospitals. To help them do this, Congress should appropriate additional resources to the Federal Trade Commission (FTC) specifically earmarked for antitrust enforcement of hospital systems.

The hospital market in more than 90% of U.S. metro areas have HHI scores of more than 2,500, meaning they are highly concentrated. There's little to no evidence that hospital market concentration improves quality. On the other hand, consolidation can create cost savings of between 4 and 7% for out-of-market hospital acquisitions and for the target hospital (but not the acquiring hospital), which makes sense given economies of scale and the high fixed costs of hospitals. But, that same study found no statistically significant evidence of cost savings for in-market acquisitions. This too makes sense. If Hospital A acquires Hospital B that is in its same market, it has effectively reduced competition to itself and so has less incentive to capitalize on potential scale efficiencies that might have been created by the merger. Consolidation is not always bad, but its benefits are limited.

Importantly, not all mergers and acquisitions in the hospital industry are good for healthcare consumers. From 2002 to 2020, there were more than 1,000 hospital system mergers. 238 of those could have been flagged by the Federal Trade Commission using standard merger screening tools as likely to reduce competition and increase prices. The FTC only took enforcement action in just 13 of those cases. Researchers found that mergers that could have been flagged by the FTC but weren't led to price increases of 5% or more.

Hospital consolidation is particularly acute in certain geographic areas. In Indiana for example, researchers have found that not-for-profit hospitals there have three to five times the typical profit rate of not-for-profit hospitals elsewhere. Those researchers attribute that exceptional high profit rate to a lack of competition and those hospitals' ability to charge monopoly prices. The FTC can and should enforce antitrust laws more vigorously among hospitals. Given that a lack of resources appears to be one reason for their inaction, Congress can appropriate more resources to the FTC specifically earmarked for hospital system merger enforcement.

3. Allow Consumers to Have Access to Foreign Products Like Better Sunscreen

> **Recommendation:** Congress should amend the 1938 Food, Drug, and Cosmetic Act to categorize sunscreen as a cosmetic rather than as a drug and to allow for sunscreen imports from countries with sufficiently high sunscreen standards.

In August 2023, Representative Alexandria Ocasio-Cortez drew attention to the fact that American consumers cannot get the more effective sunscreens available in South Korea, Japan, and Europe. This is because the 1938 Food, Drug, and Cosmetic Act requires the FDA to regulate sunscreen as a drug rather than a cosmetic because it makes a health claim, i.e. that it prevents sunburn and reduces cancer risk.

That adds a lot of regulatory hurdles. It is why no new sunscreen filters have been approved in the United States since 1999, even though they are approved elsewhere. It also blocks the importation of those sunscreens, and constrains competition and innovation in the American sunscreen market. In 2014 with the Sunscreen Innovation Act and in 2020 with the CARES Act, Congress prodded the FDA to be more timely in its review of sunscreen ingredients. The FDA however has remained sluggish.

A simpler approach would be to change it from regulated as a drug to being regulated as a cosmetic and to allow sunscreen imports from countries with sufficiently high standards.

D. Summary

What the Federal Government Can Do ?

- Congress should pass the Resident Physician Shortage Reduction Act of 2023.
- Congress should appropriate additional resources to the Federal Trade Commission (FTC) specifically earmarked for antitrust enforcement of hospital systems.
- Congress should amend the 1938 Food, Drug, and Cosmetic Act to categorize sunscreen as a cosmetic rather than as a drug and to allow for sunscreen imports from countries with sufficiently high sunscreen standards.

What State Governments Can Do ?

- Allow Nurse Practitioners and Physician Assistants to have “full practice” up to their level of education and training.
- Allow experienced international doctors to provide services under provisional licenses.
- Facilitate telemedicine.
- Repeal Certificate-of-Need laws

V. RAISING CHILDREN

A. The Problem

The costs of raising a child, especially when they are not yet school-age, are extremely high. By one estimate, it adds up to more than $15,000 a year. Since 2000, childcare has roughly doubled in cost, well outpacing the increase in hourly wages. Childcare costs vary by location, age of the child, and whether it is center-based or home-based, but it is safe to say that it is expensive across the board.

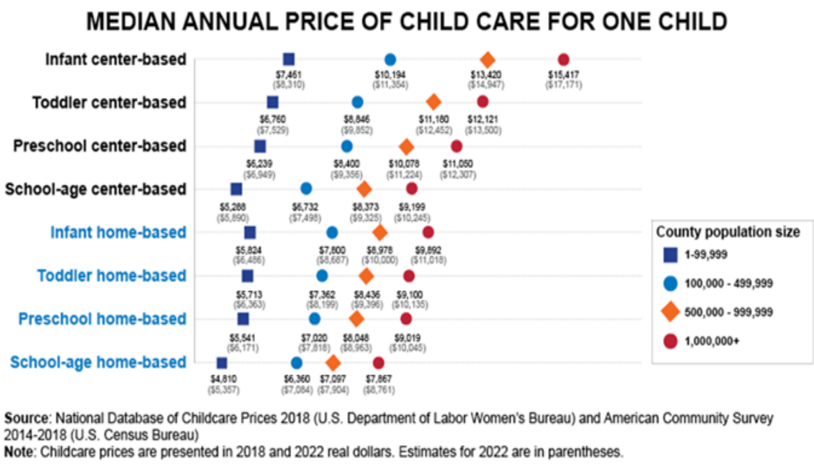


Image Credit: The Department of Labor.

Most people want children. Only 8% of people between 30–49 and only 16% of those 18–29 say that they do not want children at all.

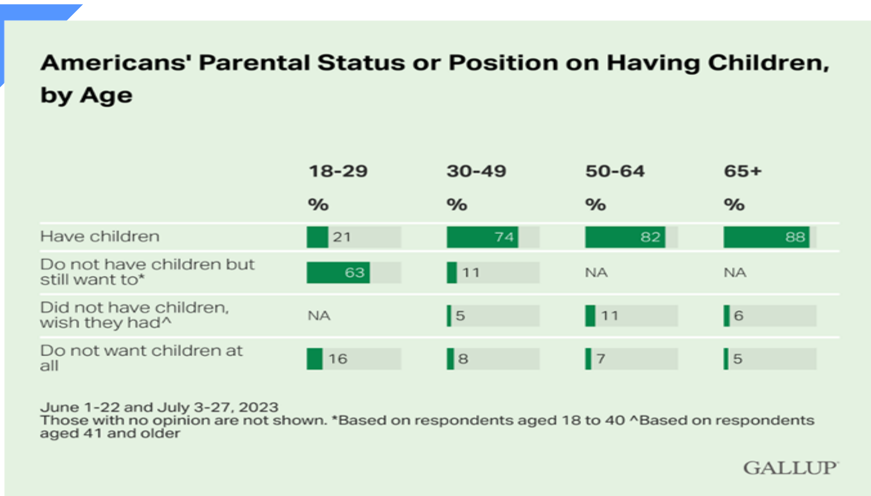


Image Credit: Gallup.

There is also a sizable gap between how many children that women say they would like to have and how many they end up actually having. Young men and women cite childcare being too expensive as the number one reason they don't have as many children as they would like. Seventy-three percent of parenting age Americans, including 83% of Democrats and 69% of Republicans that age, say that the federal government should provide more support for families with children. Fifty-five percent of parenting age Americans report having fewer children than they would ideally like with affordability being the commonly given reason for why they aren't.

We are not just failing to help parents, we are also missing an opportunity to invest in our children. When children grow up to lead productive, ambitious, prosperous lives, that reverberates to the benefit of everyone.

The Child Care for Working Families Act, sponsored by Senator Murray (D-WA) and Representative Scott (D-VA) appropriates funding for grants to cover start-up and licensing costs to help establish new providers. Likewise, the Building Child Care for a Better Future Act, sponsored by Representatives Horsford (D-NV), Plaskett (D-VI), Bonamici (D-OR), Moore (D-WI), and Davis (D-IL) provides grants for childcare workforce development. These are smart areas to focus grants on.

The Childcare Workforce Act, sponsored by Tim Kaine (D-VA) and Katie Britt (R-AL) creates a competitive grant program for states to supplement childcare workers' wages. Given the extent to which turnover is a major challenge in childcare, this is a smart approach. The bill also has a provision that says that 90% of funding must go to childcare worker wages and no more than 10% can go to administrative costs. That's another smart move.

The Childcare Availability and Affordability Act, also sponsored by Senators Kaine and Britt increases the tax credit for employer-provided childcare from 25% to 50% of qualified childcare expenditures, increases the maximum credit amount from $150,000 to $500,000, allows for jointly owned childcare facilities, and provides other benefits to small businesses. It also makes the Dependent Care Assistance Program more robust and increases the Household and Dependent Care Credit. These are excellent supply-side bills that Congress should pass immediately. Still, there are other reforms that could also help to build out greater childcare supply.

A.2. The Reverse Agatha Christie Problem

Reflecting on her earlier life just after World War I, Agatha Christie commented that at the time she couldn't imagine being so poor as to not have house servants nor so rich as to own a car. That sounds extraordinary to modern ears but at the time labor was extremely cheap whereas capital-intensive goods were expensive.

One of the most important economic facts is that **today the reverse is true.** Now goods are relatively cheap but it is people's labor that is expensive. Many items that were once luxuries are now near universal in American households.

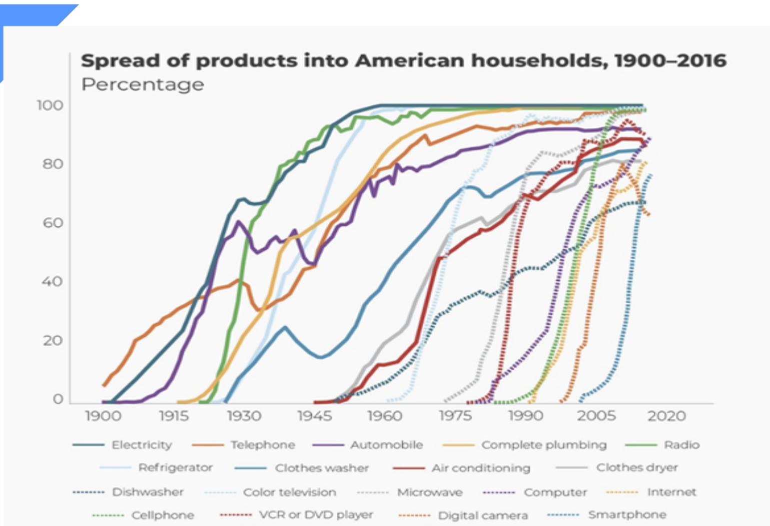
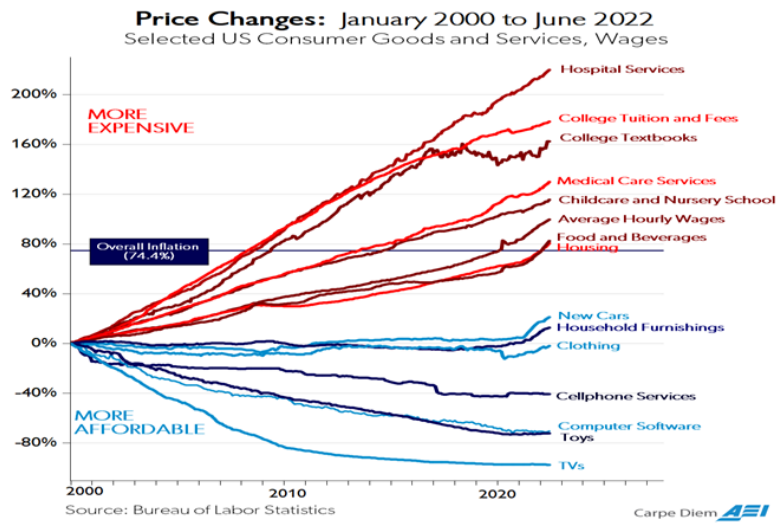


Image Credit: Human Progress.

There was a famous American Enterprise Institute (AEI) chart that also showed this dynamic. It shows that goods like TVs and toys got cheaper while services like healthcare and childcare got more expensive.



That trend is only accelerating. One of the main reasons that fast food prices are up is that it's a labor-intensive industry. You can also see it in inflation data. Over the last year, the cost of major appliances is down 6.1% but the repair of household appliances is up 18%. This fact, that labor is getting more expensive and therefore labor-intensive services are getting more expensive is the single most important factor in the rise in childcare costs.

B. Childcare

1.Small Reforms to Child-Teacher Ratio Requirements

For understandable safety reasons, state governments have rules around child-to-teacher ratios. For example, it is very common for states to mandate that infant classrooms have no more than a 4:1 ratio. In other words, one teacher cannot be looking after more than 4 infants. As the children get older, the ratios relax a bit. So, for example, in Vermont, once the children in the classroom are 2 years old, the ratio increases to 5:1. At 3 years old, it goes up to 10:1. Studies show inconclusive results about the impact of these ratios on childhood development outcomes.

There may be some wiggle room here, but it is important not to overstate the potential for relaxing these ratios. One of the most permissive states on child-teacher ratios is Idaho, and they still have the same 4:1 ratio for infants as other states and their 3–5 year old ratio is 12:1.

While a slight relaxation of those child-teacher ratios is a good first step, labor-intensity remains an understandably unavoidable component of childcare. So what other policy options do we have from bringing down childcare costs?

2. Increase the Au Pair Time Limit

Recommendation: The State Department should rescind its 2019 moratorium on growth of the au pair program. To allow au pairs to stay in the United States for up to four years, Congress should amend the J-1 visa section of the Immigration and Nationality Act and the State Department should amend 22 U.S. Code § 62.31 subsection (o)

There are about 20,000 au pairs working in the United States. In 2019, under the Trump administration, the State Department placed a moratorium on growth of the au pair program. This is a clear, direct barrier to American families being able to host au pairs. That moratorium should be rescinded. Au pairs are not allowed to work in the U.S. for more than two years, which greatly reduces the ability of au pairs who like doing the job from continuing to do it. We should increase it to four years. If someone wants to come to the United States to work in childcare and that's a benefit to the host families, that helps increase the supply of childcare services in the United States.

3. Occupational Licensing

> **Recommendation:** States should consider how tightening occupational licensing of childcare workers can, inadvertently, constrain the supply such workers and thereby contribute to a shortage of childcare provision.

Some amount of occupational licensing for childcare workers is necessary and unavoidable. If you're going to be working with little kids, you need to be able to pass a background check and have a clean criminal record. A certain amount of regulation in this space is non-negotiable.

But many states go too far. In California, childcare workers must have 12 semester credits of postsecondary course work. In Vermont, it is a de facto requirement that childcare workers have a college degree. In Washington DC, childcare workers must have a college degree. It is not only insulting to say to high school educated people that they are not educated enough to take care of little kids, it contributes to the shortage of childcare workers. Additionally, licensing frequently does not carry over from state to state and so a childcare worker who moves across state lines may have to get recertified.

4. Zoning

> **Recommendation:** States should ensure that zoning codes do not unnecessarily prevent the establishment of new childcare centers or of the provision of home-based childcare.

Childcare providers who want to build or expand a facility must often navigate a maze of zoning laws and pay expensive permit fees. In Utah, zoning laws can add hundreds of thousands of dollars to the cost of building a new childcare center; for some would-be providers this is such a prohibitive cost that they do not enter the market at all. Currently, 18 states preempt excessively strict local zoning rules on daycares that would curtail childcare services. More states should consider following their example.

C. A Better Safety Net for Kids

1. An Expanded Child Tax Credit

> **Recommendation:** States should create an expansion to the Child Tax Credit that provides a refundable credit of $300 per month to the parents/guardians of all children under the age of six.

Finally, if the political will is there to spend, an expanded Child Tax Credit for families with children under six could be enormously helpful. There are approximately 25 million children under 6 in the United States and so a $300 a month refundable tax credit for them comes to about $90 billion annually.

If they wanted to, parents could use that money to help defray some of the cost of childcare and so get back into the labor force more easily and more quickly than they otherwise could. Conversely, a refundable tax credit can also be useful to a family that wants to have one of the parents stay at home and so (helpfully) remains neutral in culture war arguments around parenting and family structure.

Success Story: The 2021 Child Tax Credit Expansion
In 2021, as part of the American Rescue Plan which was an economic policy response to the COVID-19 pandemic, the Child Tax Credit was expanded from $2,000 to $3,000 and to $3,600 for children under 6. The credit was made fully refundable. This expanded CTC had an impressive array of benefits. It helped families cover essential purchases like rent, food, and utilities. It pulled more than two million children out of poverty. It lowered food insecurity by 11%. Were the CTC to be permanently expanded, researchers project that it would reduce neo-natal mortality, have health benefits for parents and children, and raise future earnings.

2. Medicare for Kids

Recommendation: Congress should create Medicare for Kids. To do that, it will need to amend Titles XVIII (Medicare) and XXI (CHIP) of the Social Security Act, the Medicare Modernization Act of 2003 (to deal with prescription drug benefits), and pertinent sections of the Affordable Care Act.

Expanding Medicare to cover every American under 18, i.e. Medicare for Kids, would bring coverage to the 3.8 million children who do not currently have health insurance. It would give parents the peace of mind knowing that their children's health needs are taken care of no matter what.
It would reduce health-insurance related job lock (thus giving parents more economic freedom and making the labor market more dynamic). And it would save families money because they would no longer need to be paying health insurance premiums for their children. Providing health care services, and thus health insurance, to children is quite cheap because most of the medical services that they need are routine, preventative, and screening measures rather than expensive surgeries and hospital stays.

The headline price tag of $130 billion a year for Medicare for Kids may seem large but we already spend $22 billion on CHIP (Children's Health Insurance Program) and $95 billion on Medicaid for Children. Since the children who are currently on those programs would now be under this new program, the total net cost is probably in the neighborhood of just $13 billion. Medicare currently spends approximately $1 trillion annually, so spending $13 billion to expand it to kids is a tiny drop in the bucket of overall healthcare spending by the government.
Medicare for Kids would also be a win for Democrats politically. 54% of Americans say they support Medicare for Kids while only 27% are opposed, a two-to-one ratio. Support for Medicare for Kids is +25% among Independents.

3. Universal Free School Lunches

Recommendation: To provide universal free school meals, Congress should pass the Universal School Meals Program Act of 2023 which amends the National School Lunch Act.

On top of the moral argument for not wanting poor children to be hungry, and the practical point that good meals help students pay better attention and thus do better in school, making school meals universally free removes the paperwork barriers and stigma that often lead poor children to not actually receiving free meals they are eligible for. Furthermore, if the government is going to require that students be in school, then it is the government's responsibility to feed them while they are there. It is also more efficient because once the meals are universally free, cafeterias do not have to dedicate employees to collect payments and schools do not have

to track balances and send payment reminders.
In 2019, U.S. schools provided 4.9 billion meals per year at a cost of $21 billion. School lunch fees covered $5.6 billion of that. That 5.6 billion is less than 1 percent of the K-12 education budget. Schools also have to spend money to collect that $5.6 billion from children who do not qualify for free lunch.

Universal Free School Lunch is even more of a political winner for Democrats than Medicare for Kids is. 74 percent of the public, including 67 percent of Independents, support it whereas only 20 percent of the public and 23 percent of Independents oppose it. It even gets more than two-to-one support among Republicans. Democrats already have a bill ready for this. The Universal School Meals Program Act of 2023 has over 100 Democratic cosponsors. Congress Should pass it.

Success Story: Blue States Pass Universal Free School Meals
As of the end of the 2023-2024 school year, eight states have made school universally free: California, Colorado, Maine, Massachusetts, Michigan, Minnesota, New Mexico, and Vermont. Universal free school meals have significant health benefits for low-income children. School administrators also report that they have a positive impact on student behavior and attention.

4. There Should Never Again Be a Baby Formula Shortage

Recommendation: Congress should update the Infant Formula Act of 1980 to better match EU standards around DHA and added sugars, to allow for more competition in the formula market, and to require the FDA to allow imports of baby formula from the EU as well as other countries that Congress deems to have unquestionably competent regulations on baby formula. Congress should also eliminate all tariffs on formula.

In spring of 2022, a baby formula shortage presented many parents with their worst nightmare: they weren't sure how they were going to feed their babies. At its peak, ten states were more than 90% out-of-stock of formula. Families were scrambling and prices were even higher than normal, so an already big expense for new parents was even more expensive.

There were three major ingredients behind that shortage: 1) a highly concentrated market, 2) onerous labeling and ingredient rules imposed by the FDA that made it essentially impossible to import formula, even from the European Union, which has more up-to-date standards on formula than we do, and 3) tariffs that reduced the supply and increased the price of baby formula.

Abbott, Reckitt/Mead Johnson, and Nestlé Gerber control 83% of the U.S. baby formula market. According to a Federal Trade Commission report, the FDA's rules on the content and manufacturing procedures of baby formula make it all but impossible for new providers to enter the market. That FTC report also noted that the WIC program is structured in such a way that providers sell formula to states at highly discounted rates in exchange for being the sole provider for WIC in that state. While this saves WIC money, it comes with two tradeoffs. It means that these providers have to offset their losses by increasing prices on non-WIC consumers, and it concentrates the market because only very large producers have the scale to secure these WIC contracts while also giving the producer a de facto monopoly in WIC-subsidized purchases in a given state.

EU-produced baby formula is highly demanded by some parents. EU baby formula standards have been updated regularly as the science around baby formula has advanced; American baby formula standards have not been meaningfully updated since 1980. The EU has more up-to-date standards including around DHA (a fatty acid that is crucial for infant brain development) and added sugars. And yet, because of outdated nutritional and complicated labeling requirements, it is effectively impossible to import EU-produced baby formula into the United States.

To the extent that any imports can get through, the U.S. government imposes a complicated tariff rate quota system on baby formula in which most imported formula gets taxed at 25.1%. We don't even allow much importing from our closest allies and trade partners; the renegotiated NAFTA, what became the USMCA, greatly constrained imports of baby formula from Canada.

Combined, all three of these factors choke supply, raise prices, and concentrate production. So, when a plant in Sturgis, Michigan shut down because of bacterial contamination, that took so much production offline that a massive shortage in formula resulted.

Congress responded with the Formula Act, which temporarily eliminated tariffs on baby formula and state-level WIC agencies the ability to acquire imported formula. The FDA also issued guidance that temporarily allowed some imported baby formulas onto the market. These measures have all since expired. Congress needs to address this issue with the above mentioned recommendations, or we may all be sleep-walking into another crisis shortage.

D. Helping Both Two-Earner Households & Households With One Stay-at-HomeParent

Polling shows that there is no clear consensus preference between: 1) one parent working full time and the other providing childcare, 2) both parents working part-time and both providing childcare, 3) both parents working and a family member like a grandparent providing childcare, 4) one parent works full time, one parent works part time and they also use paid childcare part time, and 5) both parents work full time and they use paid childcare full time. There is also not a clear consensus preference when respondents are given just the two options of 1) one parent working full time and the other providing childcare and 2) both parents work full time and use paid childcare.

Simply put, different American families have different preferences on how to balance work with providing childcare. Given this, it makes little sense to have childcare policy structured with only one type of family arrangement in mind. The beauty of supply-side reforms packaged with an Expanded CTC, Medicare for Kids, and Universal Free School Lunch, is that it helps the families that want to have two-earners and kids at daycare AND it helps families that want one parent to stay at home.

E. Summary

What the Federal Government Can Do ?

- Increase the au pair time limit to six years
- Fund an expanded Child Tax Credit of $300 per month for children under 6.
- Medicare for Kids
- Universal Free School Lunches
- Reform the Infant Formula Act of 1980 to prevent another baby formula shortage

What State and Local Governments Do ?

- Consider small relaxations of child-teacher ratios around the margins
- Ensure that zoning does not inhibit the establishment of in-home or center-based childcare
- Avoid unnecessary occupational licensing, trim those requirements where possible.
- Fund Universal Free School Lunches if the federal government does not do so.

VI. INCLUSIVE FUTURE

As we discussed with regards to hearing aids in the Introduction, technological progress benefits the many, not the few. There are a number of new technologies that, though they are relatively early in their development, are very promising in terms of helping Americans live better, more affordable lives, and where forward-looking policy can accelerate those savings.

A. Satellites Delivering Rural Broadband

Expanding broadband is crucial for making sure that rural areas can flourish in terms of education, healthcare, and jobs, and it has bipartisan support. However, a range of factors has made delivering that rural broadband very challenging. It is expensive to develop infrastructure across vast, sparsely populated areas. Given that, it is not especially profitable for businesses to try to provide these services. Regulatory challenges as well as trying to coordinate policy across local and state lines add more obstacles.

The 2021 Infrastructure Investment and Jobs Act set aside $42 billion to address the digital divide through the Broadband Equity, Access, and Deployment (BEAD) Program. The question then is what else can we do that doesn't require new appropriations and would help accelerate the delivery of rural broadband.

One potential answer is satellite technology. Starlink and Amazon's Project Kuiper are both options for bringing broadband to underserved areas. Other firms may enter this market as well. To help expedite that, the FCC can:

1) Streamline licensing procedures for satellite operators and ground stations,
2) Allocate more spectrum for satellite use,
3) Allocate more orbital slot assignments, and
4) Ensure that all definitions and standards are technology-neutral, meaning that they do not favor terrestrial broadband over satellite broadband.

For satellites to be part of the solution, it would also help if satellite broadband providers could win some of the grants that are part of the BEAD program. Right now, they cannot because the NTIA's guidance for BEAD excludes satellite broadband from the definition of "reliable broadband service." That definition needs to be changed.

B. Health and Disability Tech

Health monitoring with wearable technology is making remote health care more effective and cheaper; it's estimated that it will save the healthcare system $200 billion over 25 years by helping to better manage chronic diseases. For example, Wearable ECGs are helping with cardiac monitoring and early detection of stroke risks. Doctors are starting to recommend their patients use Apple Watch to monitor all kinds of ongoing conditions.

To facilitate more remote health monitoring, Congress should instruct the Office of the National Coordinator for Health Information Technology to work with other agencies to create guidelines/recommendations for standardized data protocols aimed at promoting interoperability of remote monitoring devices and electronic health records.

Meanwhile, prosthetics are getting better too. In the United States, 185,000 amputations occur annually but only about 5% of amputees have access to prosthetics because of their high costs. Advances in materials and 3D printing are making prosthetics lighter, more customizable, more comfortable, and cheaper. And advances in AI are making prosthetics much more manipulable and more lifelike for users.

AI is helping companies like Microsoft create better voice assistants for blind people. With AI, patients with debilitating diseases like progressive supranuclear palsy (PSP) are able to train voice assistants and continue communicating well even after they've physically lost the ability to speak; Representative Jennifer Wexton (D-VA), herself a patient with PSP, recently demonstrated this miraculous new technology.

To accelerate these technologies' development, the FDA should: 1) Create a fast-track approval pathway for disability assistive technologies, 2) Allow for earlier-stage clinical trials with smaller sample sizes, and 3) create regulatory sandboxes where firms can do small-scale live testing of their innovations.

C. Autonomous Vehicles (AV)

Google started testing driverless cars as far back as 2009. Since then there have been several false dawns for AVs, and so many people may not have noticed that self-driving vehicles are getting much better. New data from Waymo, the successor to the Google Self-Driving Car Project, shows that their cars are twice as good as human drivers in avoiding crashes that require police reporting and 3.5 times better at avoiding crashes that cause injuries. Waymo is now expanding to interstate highways in Phoenix while Aurora is putting driverless trucks on interstates in Texas later this year.

Autonomous vehicles could be helpful for cost of living in several ways. AVs are more fuel efficient because they tend to accelerate and decelerate more slowly and more smoothly than human drivers. Since they're safer than human drivers, insurance premiums will be lower. Fewer accidents also mean lower healthcare costs. Since they don't need human drivers, ride-sharing and taxis will be cheaper. They could also reduce the costs of some forms of delivery.

They can improve mobility for elderly and disabled people and so reduce the need for more specialized services while giving them more personal freedom. Autonomous vehicles, particularly combined with rideshare, could enable many people to forgo the cost of owning a car which would significantly help their cost of living.

One regulatory matter that is slowing down AV development is that the Federal Motor Vehicle Safety Standards (FMVSS) make a number of references to human body parts operating certain mechanism such as a turn signal being within reach of a driver's hand, etc. These kinds of regulations are reasonable for human-operated vehicles but create unnecessary hurdles for autonomous vehicles.

So, to facilitate the continued advancement of autonomous vehicle technology, the National Highway Transportation Safety Administration (NHTSA) should update the FMVSS such that, while they remain focused on safety, are neutral between human-driven and autonomous vehicles. Additionally, as the NHTSA is going through the rulemaking process to create FMVSS regulations on autonomous vehicle software, they should ensure that there is clarity between state and federal rules.

While AV firms and consumers wait for those new FMVSS regulations on software, state-level regulation will matter a great deal. Arizona, among other states, is a leader in AV technology in part because it does not require special permits or licenses for AV testing and in fact explicitly allow fully driverless testing and deployment. More states should adopt this approach.

D. Climate Tech

Researchers have created a new ultra-bright white paint with a very high concentration of barium sulfate that makes light scatter when it hits the surface such that it reflects back 98% of light but also doesn't cause glare. This paint can cool surfaces by up to 8 degrees during the day and 19 degrees at night and, if it is painted on a building's roof can reduce that building's need for air conditioning by up to 40%. The biggest challenge to scaling this up is the limited availability of barium sulfate, but that could be alleviated through some of the permitting reforms discussed in the Energy and Infrastructure section of the paper.

Companies are also starting to innovate in thermal storage technology. Air conditioning demand is rising as climate change continues, but also, the build out of wind and solar means that electricity is much cheaper during the middle of the day and so firms are creating ways of using that cheap, abundant energy in the day to not only run the AC but also to create ice that then gets used to cool buildings in the evening when electricity is in higher demand and has lower supply. For these technologies as in the refrigerants and heat pumps discussion in the Energy and Infrastructure section of the paper, the most important policy takeaway is that the federal government needs to work energetically to ensure that slow-to-change standards are not getting in the way of useful innovations and best practices.

Methane from livestock burps is responsible for 3.7% of all greenhouse gas emissions. But an Australian company has developed a new feed additive made from rangeland plants and red seaweed that can cut methane in cattle by 86%. This additive also helps cattle gain weight faster because they are no longer wasting food by turning it into methane, but instead turn it into extra meat, so once it comes on market it will hopefully be very popular with ranchers. That extra efficiency also makes beef production cheaper, which turns into savings for consumers. Once this new additive is commercially available, the USDA should ensure that beef from cattle given this additive does not face regulatory discrimination.

All three of these futuristic technologies are about inclusivity and affordability because each of them relates to and could reduce the costs of purchases that people further down the income ladder still want to make: electricity and beef.

E. Ozempic for All

Obesity-related illnesses cost Americans $210 billion annually. Given the connection between socioeconomic status and obesity, a disproportionate share of those costs are borne by less privileged people. GLP-1s like Ozempic and Wegovy are very new drugs, but also extremely promising for a variety of health challenges. Studies have shown them to be very effective for weight loss and for managing diabetes. These GLP-1s seem to also help people with substance abuse problems, and a drug in this family of medicines seems to help with Parkinson's as well. Scientists think that these drugs could be extremely useful in cardiology, endocrinology, and are investigating its effectiveness in treating Alzheimer's. So Ozempic For All could be a great way to help lower SES Americans be as thin as and have similar health care costs as more privileged people.

If these drugs prove safe and if trials continue to bolster the case for using them, it would be good for the U.S. government through the Food and Drug Administration and the Department of Health and Human Services to facilitate broad access to these wonder drugs. One initial step towards that would be to reform the Social Security Act Title XVIII and the Medicare Modernization Act of 2003, and the Medicare Improvements for Patients and Providers Act of 2008 to allow Medicare to cover drugs for weight loss.

The drugs themselves are not cheap, but competition between different GLP-1s will hopefully bring down the price, and the cost of the drugs should not be compared with nothing, but rather against the costs of other medical treatments arising from obesity that someone might need. If taking Ozempic or one of its cousins can help people live healthier lives and make fewer hospital visits, that is going to lower their healthcare spending, reduce the strain of demand on our healthcare system, and free up capacity within the healthcare system for other patients in need of care.

Conclusion: The Real Enemy is the Invisible Graveyard

A major advantage of a supply focus and a commitment to unleashing abundance is that it gets Democrats and America away from zero-sum thinking. We Americans are not each other's enemies. We are all on Team America. The enemy is instead a series of invisible graveyards.

The great enemy of the renter is not the landlord; it is the invisible graveyard of housing that a developer wanted to build but wasn't allowed to.

The great barrier to climate action and affordability going together is not the everyday person putting gas in their car to get to work; it is the invisible graveyard of green energy projects that should have been built but were stymied.

The great cause of long wait times and high costs for patients is not greedy doctors; it is the invisible graveyard of people who could have and should have been medical service providers but weren't allowed to be.

The great foil of affordable childcare is not any conceivable individual or group of Americans; it is the invisible graveyard of childcare and assistance to families that could have been provided but wasn't.

The most toxic and wrongheaded idea in America's political economy today is the belief that for one person to get richer, someone else must get poorer. Nothing could be further from the truth. When we make politics an 'us versus them' battle in which allies are exalted and enemies are laid low, we shred the notion of equality before the law for friend and opponent alike, and we do ruinous damage to the argument that all of us can rise together and that all of us can be free together.

notion of equality before the law for friend and opponent alike, and we do ruinous damage to the argument that all of us can rise together and that all of us can be free together.

When we instead take action to increase supply, every American can live where they want, work how they want, and dream whatever dreams for themselves and their children that they want, regardless of where they're from and regardless of what social class their parents occupied. That is 21st century prosperity. That is what Democrats should aim to deliver.

A DEMOCRATIC COST OF LIVING AGENDA:

A LOW-COST FRAMEWORK FOR HELPING FAMILIES BUILD ABUNDANT HOMES, CARE, AND ENERGY

CHAMBER OF PROGRESS

RS 9. 12/3/24 Exhibits Mayor Batey

From: Lisa Batey
To: _City Council
Subject: Notes on MMC and BCC discussions of SHS housing measure (and also Interstate Bridge project).
Date: Monday, December 2, 2024 1:37:04 AM

All: [Scott, please place in the record for Tuesday's meeting]

The Metro Mayors Consortium met on November 21 via Teams. During the first half hour, Greg Johnson of ODOT presented on the Interstate Bridge project. The comment period on the supplemental environmental impact statement ended on November 18 and the final report/record of decision is expected to issue in late 2025. The project is not just the bridge, but building seven new interchanges, and a new smaller bridge connecting the Hayden Island to Marine Drive (and hence reduce the number of cars jumping on I-5 for that short hop). It currently has an estimated cost of $5-7.5BIL, and they expect more refined cost estimates by next summer. ODOT showed the MMC their new flyover visual model, one of many things about the project that you can find on the website: Interstate Bridge Replacement Program

The remainder of the MMC meeting was dedicated to the SHS funding issue. Lynn Peterson and Andy Shaw gave a presentation using basically the same slides that Councilor Lewis presented to us a few weeks ago. It sounds like Metro will float proposed ballot measure language in mid-December but is not likely to vote until January. Metro has an opinion survey underway now.

Metro has two funding scenarios, one that would cap the amount going to counties at $225mil, the other at $250mil. Those are in the County staff memo linked below. The figure they are talking about for a direct allocation to cities is $15mil. It is noteworthy that Clackamas County distributed over $7mil to cities, so cities in Clackamas County might have less funding available to them under the Metro revisions. But it sounds like Metro might envision a more streamlined process for certain types of programming that fits clearly and squarely into the program parameters.

Later on November 21, Metro hosted a meeting with the counties and a few mayors. I was not part of that meeting, but heard about it from a mayor who attended. Clackamas County did not participate. Washington County presented an extremely detailed analysis of the cuts their programs would face under the proposal. They said they would take a triaged approach to cuts depending on how the depth of the deficits. Multnomah County didn't have the same level of detail but explained their funding partnership with Gresham (which Mayor Stovall is now very happy with) and Portland. The impacts would negatively impact their ability to serve the folks they serve now. There is another meeting at Metro set for Tuesday (Dec 3) -- see more on that below.

* * * * * * * * *

Last Tuesday, at their Issues and Updates meeting (Issues & Updates - November 26, 2024) the BCC started hearing a presentation from Adam Brown on the SHS measure issue around the 1hr 46min mark. The staff memo is here: 6b9bbbe5-5b05-4e93-a00c-116786c4f508 and it includes some specific funding level scenarios that were not among the items Councilor Lewis presented when she spoke to us.

Staff expressed concerns about the budget reductions that would become necessary if partial funding is reallocated away from the SHS program to create a new funding stream for building of housing, but said they will be coming back in a couple of weeks with more specifics. In response to a comment from Commissioner Schrader, Brown acknowledged that because SHS funding is available for programs in the metro area, state funding is being directed to the rural areas of the Clackamas County.

At 2:24mark, Chair Smith talks about her conversations with other county chairs. Noted Washington County Chair Harrington expressed concerns about the cuts eviscerating their ability to provide services to two recently-opened shelters and affordable housing projects.

Smith and Schrader both expressed concerns about having unelected groups, such as Here Together, as part of the new oversight structure. All generally expressed dissatisfaction with Metro handling and lack of real collaboration, and several expressed concern about the role of Here Together.

Savas asks staff for a variety of pieces of data, such as how much Metro is withholding and how many jobs they are creating at Metro. He also proposes pulling together a "needs" list to present to Metro of what is needed to address elect

Smith said she will not present cuts from Clackamas County at the Dec 3 meeting with Metro. She notes that Clackamas County sent a notice of breach of the existing IGA to Metro. Ultimately, Adam Brown did get approval to participate in Metro's Dec 3 meeting and present basically the same info as in the staff report linked above.

I should note that I did ask (via email) County Administrator Gary Schmidt whether the BCC would be sharing their views on the SHS measure with the cities. Chair Smith had previously done some of that on her monthly calls with the mayors, but she cancelled those calls for November and December. It is unclear whether we will have any communication from the county on this, but I know that Chair Harrington has shared her concerns with the Washington County mayors.

Lisa M. Batey, Mayor (she/her)
City of Milwaukie
E-mail: bateyl@milwaukieoregon.gov
Message line: 503-786-7512

From:	Lisa Batey
To:	_City Council; Peter Passarelli
Subject:	FW: Continuation on the conversation from 2024's November DAC Meeting regarding park acquisitions
Date:	Tuesday, December 3, 2024 11:12:13 AM

All, fyi. Scott, please add to the record for tonight's meeting

From: Stead, Jessica <JStead@ncprd.com>
Sent: Tuesday, December 3, 2024 10:46 AM
To: NCP - Ali Feuerstein <feuerstein89@gmail.com>; BCS - Anatta Blackmarr <Anatta.blackmarr@icloud.com>; BCS - markport <markport@hotmail.com>; Cortinas, Dominic <DCortinas@ncprd.com>; Daniel Diehl <ddiehl@lacrossefootwear.com>; Wild, Everett <EWild@clackamas.us>; BCS - Grover Bornefeld <citizengjb@gmail.com>; BCS - jwbpdx <jwbpdx@hotmail.com>; Lisa Batey <BateyL@milwaukieoregon.gov>; NCP - Muciri Gatimu <muciri.gatimu@gmail.com>; NCP - Jeanette DeCastro <decastro.jeanette@gmail.com>; Reome, Erin <EReome@ncprd.com>; Savas, Paul <PSavas@clackamas.us>; Selley, Kia <KSelley@ncprd.com>; Sheila Shaw <mathmom227@comcast.net>; Stead, Jessica <JStead@ncprd.com>
Subject: FW: Continuation on the conversation from 2024's November DAC Meeting regarding park acquisitions

This Message originated outside your organization.

District Advisory Committee,

Please see Kia's response to Muciri's email below.

Thank you,
Jessica

Jessica Stead, Executive Assistant
North Clackamas Parks and Recreation District

From: Selley, Kia <KSelley@ncprd.com>
Sent: Monday, December 2, 2024 5:30 PM
To: NCP - Muciri Gatimu <muciri.gatimu@gmail.com>
Cc: Stead, Jessica <JStead@ncprd.com>; NCP - Jeanette DeCastro <decastro.jeanette@gmail.com>; BCS - markport <markport@hotmail.com>
Subject: RE: Continuation on the conversation from 2024's November DAC Meeting regarding park acquisitions

Good evening Muciri-

Thank you for your message.

With limited funds and resources, NCPRD will need to be very strategic about future property acquisitions. The System Plan currently underway will provide guidance on where and what type of properties will best meet community goals and address gaps in the current system. Consistent with our approach to date, the District Advisory Committee will be informed and engaged throughout the next phases of the project which will provide recommendations for district investments, including property acquisitions.

In terms of timeline, in winter 2025, the System Plan team will develop a map of priority investment areas from the assessment work completed in the previous phases. This will take into account current gaps in park offerings and where those overlap with residential density and high community needs. In spring 2025, the System Plan team will develop a list of priority projects, which will include recommendations for acquisitions in high priority areas. This is a critical foundation to guide large investments like property acquisitions, that has not been updated since 2004.

In the meantime, NCPRD staff will continue working to actively fill gaps identified in that 2004 Plan with the Park and Community Center at the Concord Property (soon to be named) and the Park at Jennings Lodge Campus (soon to be named).

Best,

Kia

Kia Selley, *RLA* (she/her/hers)
Director | North Clackamas Parks and Recreation District
3811 SE Concord Rd. Milwaukie, Oregon 97267
Monday –Thursday, 7:00 a.m. - 5:30 p.m.
Cell: (971) 337-6867

NORTH CLACKAMAS
PARKS & RECREATION DISTRICT

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From: Muciri Gatimu <muciri.gatimu@gmail.com>
Sent: Saturday, November 30, 2024 1:56 PM
To: NCPRD - District Advisory Committee <DAC@clackamas.us>
Subject: Continuation on the conversation from 2024's November DAC Meeting regarding park acquisitions

Hello Director Selley and Chair DeCastro,

This email is to continue to answer more of the question posed by Director Selley in referencing - where and what shall we look into purchasing?

With the sale of properties at the instruction of the Board of Directors; we are heading into the situation where we are decreasing property ownership and buffering the Capital Repair and Replacement Program fund. Being that this places us in a better position with available cash, this also continues to amplify the fact we are still delinquent of parks in specific areas.

Being unaware of the active fund balance - rounding to 6 Million - I think we, the DAC, should begin the process of reaching out to our community to gather a list of potential and available properties to expand into by purchase. Chair Decastro, could we conceive a list in the coming year, maybe even rolling, of potential properties in the sub-areas in an official capacity?

My concern is that property, though abundant, in this country, is owned by the few. With land being a near finite resource and parks being so valuable to functional communities; it would be wise to set a marker beyond the present while there is an account labeled and funded in the ledger.

Regards,

Muciri Gatimu

7:55 LTE 91

rosie.herboth.real.estate 7h

Send message...


SUPPORT SMALL SHOP MILWAUKIE
SMALL BUSINESS SATURDAY
2024
MOUNTAIN
Brewing
BATTLE GROUND, WA


7:55
LTE 91
rosie.herboth.real.estate 4h
MILWAUKIEFLORAL
Milwaukie
FLORAL & GARDEN
OPEN
Shop Local
CITY OF MILWAUKIE
Add to your story
Send message...

7:55

LTE 91

rosie.herboth.real.estate 7h

@hellocafemilwaukie

Send message...

7:55 LTE 91

rosie.herboth.real.estate 6h

Send message...


7:55
LTE 91
rosie.herboth.real.estate 6h
FORTUNE FAVORS THE COLD
LUNA'S ICE CREAM
SUPPORT SMALL SHOP MILWAUKIE
2024
Millie the Goose shops local
@LUNASICECREAM
Send message...

7:55 LTE 91

rosie.herboth.real.estate 6h

Send message...


7:54
LTE 91
rosie.herboth.real.estate 7h
Millie the Goose is shopping local
@spokeandwordbooks
freshcut
Send message...

7:55 LTE 91

Send message...

Discussion

Goal idea

- Promote **economic development** across the city
- Improve **transportation safety** on Milwaukie streets
- Enhance **community affordability**
- Ensure ability to **develop priority park projects**
- Develop strategy for **proactive land annexation**
- Improve **community preparedness** for emergencies
- Help **Milwaukians most in need**
- Achieve governmental **financial stability**
- Make Milwaukie's **water infrastructure** more resilient

Questions:

- Are there any additional edits to make to how these goal ideas are presented?
- Are there any goal ideas missing you would like to add before public engagement begins?

Public Input Strategy

1

Two Ways of Collecting Feedback

- In-person town hall on Jan. 7 from 6-8 p.m., City Hall
- *Engage Milwaukie* survey open from mid-December through mid-January

2

Components of Engagement

- Explain what a City Council goal is/key parameters
- Three main questions:
  1. How would you rank the current goal ideas?
  2. Within these goal ideas, what would you like to see the city accomplish between 2025-2027?
  3. Are there any ideas not on this list you would like Council to consider?

3

Decision Making at Retreat

Staff to summarize this feedback prior to retreat to inform discussion and final decision on goals

January Retreat

Time/Place

- Proposed dates:
  - 1 – 5 p.m. on Jan. 31
    - *Council dinner*
  - 9 – 4 p.m. on Feb. 1
- Location:
  - Still researching locations

Logistics

- Publicly noticed meeting, not recorded or broadcast
- Department directors in attendance
- Facilitated in-house

Thank You!