

House Bill 2629 Information, House Committee on Human Services and Housing, Wednesday, March 11, 2015

What it is: HB 2629 would require owners of USDA Rural Development properties financed through the Rural Rental Housing and Farm Labor Housing programs to provide one-year notice of mortgage maturity to residents, state and local government and local public housing agencies.

What it will do: House Bill 2629 will provide some basic protections to low income renters by doing three things:

First, House Bill 2629 would require owners of Rural Development multifamily rental properties with maturing mortgages to provide one-year notice to their residents and local government entities, informing them that the agency's direct loan to the property will pay off and the rental subsidies associated with the loan will be terminated.

Second, it would require owners to inform residents moving into the property during the final year the Rural Development loan is in effect of the date the final payment will be made and the rental subsidies terminated.

Third, in the event an owner fails to provide the required notices the affected residents of the property would be held harmless from rent increases until the required notice period elapses.

Once an owner provides the notice required under HB 2629 they have no further obligation.

Why is HB 2629 needed? Since 1963 USDA Rural Development has financed approximately 16,000 rental housing projects through the Section 515 Rural Rental Housing and Section 514 Farm Labor Housing programs. In Oregon there are approximately 200 Rural Development properties located in small rural communities across the state providing 6,300 affordable apartments to working families, seniors and people with disabilities. Around 4,700 of these apartments offer Rental Assistance through RD's Section 521 program. The 521 Rental Assistance program is similar to HUD Section 8 in that residents pay 30% of their household income toward the rent with the government paying the balance to the owner.

Over the next ten years Rural Development estimates approximately 3/4 of the projects financed under the 515 and 514 programs will make the final payments on their RD direct mortgages. When the final payment is made on a 515 or 514 loan, the rent subsidies are terminated and the property becomes an unrestricted market rate rental. When the RD mortgage matures the Rental Assistance contract associated with the property is terminated and RD offers no protections for the residents.

Currently there is no law requiring owners to provide notice to residents about the loss of Rental Assistance and other rent subsidies that occurs when an RD loan pays off. This lack of notice exposes low-income residents to significant rent increases with little warning and could place many at risk of displacement or homelessness.

Who benefits? Thousands of extremely-low income Oregonians depend on Rural Development Rental Assistance to help pay their monthly rent and utility costs. According to Rural Development, the average monthly income for a Rental Assistance household in Oregon is \$828 per month. Roughly 2/3 of the units are occupied by senior or disabled households living on fixed incomes.

How will House Bill 2629 protect low-income residents? The one-year notice required under House Bill 2629 would provide residents a modest amount of time to try to locate assisted housing in another location or to apply to their local public housing agency's housing choice voucher or public housing waiting lists.

A one-year notice would provide Oregon Housing and Community Services Department, the local government, the local public housing agency and housing providers, time to work with USDA Rural Development to try to preserve the property.

House Bill 2629 would also protect residents from immediate rent increases in the event owners fail to provide the required notice.

House Bill 2629 won't solve the maturing mortgage problem but it may help soften its impact on thousands of low income residents who live in RD housing. House Bill 2629 may also help preserve Rural Development projects by simply making information available to community stakeholders and preservation focused housing providers.

Rural Development 514 514 Mortgage Maturities 2014-2024

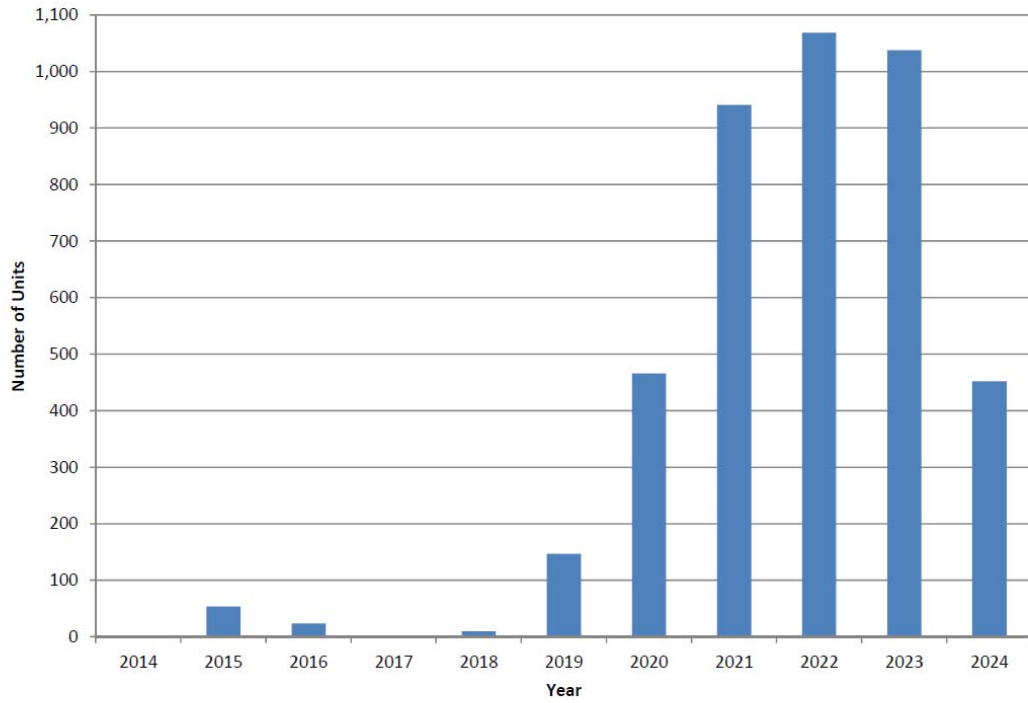
Year	Properties w/ Maturing Mortgages	RA Units at Maturing Properties	Total Units at Maturing Properties	Properties Remaining	Current RA Units Remaining	Current Units Remaining
2014	15	244	428	14,492	285,228	438,899
2015	60	734	1,415	14,477	284,984	438,471
2016	122	1,398	3,270	14,417	284,250	437,056
2017	112	1,158	3,203	14,295	282,852	433,786
2018	136	1,237	3,587	14,183	281,694	430,583
2019	1,152	14,924	33,574	14,047	280,457	426,996
2020	1,913	27,635	56,053	12,895	265,533	393,422
2021	2,659	55,036	77,248	10,982	237,898	337,369
2022	1,754	36,604	49,555	8,323	182,862	260,121
2023	2,590	54,801	73,710	6,569	146,258	210,566
2024	1,063	21,827	31,802	3,979	91,457	136,856
Total	11,576	215,598	333,845	2,916	69,630	105,054

Oregon Rural Development 514 514 Mortgage Maturities 2014 - 2024

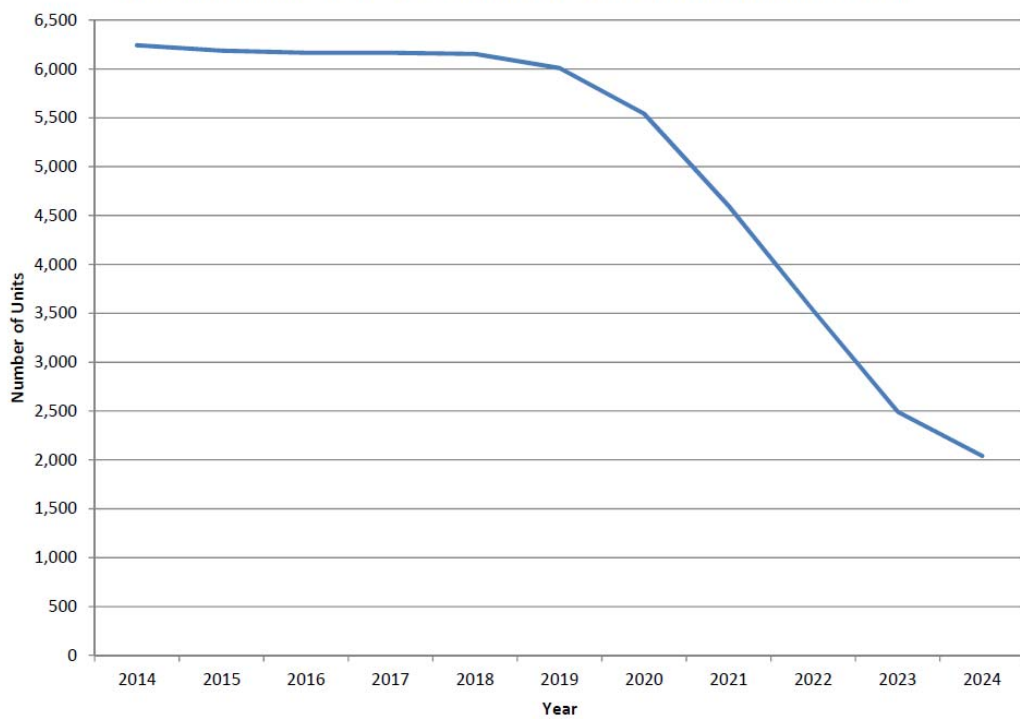
Year	Properties w/ Maturing Mortgages	RA Units at Maturing Properties	Total Units at Maturing Properties	Properties Remaining	Current RA Units Remaining	Current Units Remaining
2014	-			198	4,628	6,242
2015	2	41	54	198	4,628	6,242
2016	2	22	24	196	4,587	6,188
2017	-	0	0	194	4,565	6,164
2018	1	0	10	194	4,565	6,164
2019	4	111	147	193	4,565	6,154
2020	15	327	466	189	4,454	6,007
2021	30	642	941	174	4,127	5,541
2022	42	862	1069	144	3,485	4,600
2023	35	853	1038	102	2,623	3,531
2024	34	436	452	67	1,770	2,493
Total	165	3,294	4,201	33	1,334	2,041

These estimated annual mortgage maturities were provided by USDA Rural Housing Services National office. According to the Oregon Rural Development State Office, the actual number of mortgage maturities in Oregon occurring during this time period may be less.

OREGON USDA SECTION 515-514 PROJECT UNITS MATURING 2014-2024



OREGON USDA SECTION 515-514 PROJECT UNITS REMAINING 2014-2024



2013 Demographic Info for Oregon RD Multi-Family Housing

Data from RD's 2013 Multi-Family Housing Annual Fair Housing Occupancy Report (released 2/21/2014)

	Section 515		Section 514		Section 515 & 514	
	Number	%*	Number	%*	Number	%*
Property Info						
Properties	168		25		193	
Sec 8 Projects	8				8	4.15%
Non-Sec 8 Projects	160		25		185	95.85%
Total Units	5,448		887		6,335	
1-Bedroom Units	3,006	55.18%	74	8.34%	3,080	48.62%
2-Bedroom Units	2,179	40.00%	342	38.56%	2,521	39.79%
3-Bedroom Units	263	4.83%	352	39.68%	615	9.71%
4-Bedroom Units	-	0.00%	119	13.42%	119	1.88%
Occupied Units	5,098	94.88%	801	92.17%	5,899	94.50%
Revenue Producing Units	5,373	98.62%	869	97.97%	6,242	98.53%
Vacancy Info						
Vacant Units					-	
1-Bedroom Units	95	3.16%	18	24.32%	113	3.67%
2-Bedroom Units	161	7.39%	22	6.43%	183	7.26%
3-Bedroom Units	19	7.22%	19	5.40%	38	6.18%
4-Bedroom Units	-		9	7.56%	9	7.56%
Households						
All Households	5,098		801		5,899	
Households in RA Units	4,102	80.46%	526	65.67%	4,628	78.45%
Average Income/Household	\$ 10,902		\$ 23,034		\$ 12,549	
Avg Income/Household in RA Units	\$ 9,937		\$ 16,349		\$ 10,666	
Average Adj. Income/Household	\$ 10,902		\$ 23,034		\$ 12,549	
Race/Ethnicity (Household Level)						
White	4,450	87.29%	72	8.99%	4,522	76.66%
White - Elderly	3,176	62.30%	13	1.62%	3,189	54.06%
Black	35	0.69%	-	0.00%	35	0.59%
Black - Elderly	23	0.45%	-	0.00%	23	0.39%
Asian	37	0.73%	-	0.00%	37	0.63%
Asian - Elderly	14	0.27%	-	0.00%	14	0.24%
Pacific Islander	19	0.37%	-	0.00%	19	0.32%
Pacific Islander - Elderly	14	0.27%	-	0.00%	14	0.24%
Native American	81	1.59%	3	0.37%	84	1.42%
Native American - Elderly	49	0.96%	-	0.00%	49	0.83%
Hispanic	406	7.96%	724	90.39%	1,130	19.16%
Hispanic - Elderly	123	2.41%	90	11.24%	213	3.61%
Multiple Designation	41	0.80%	-	0.00%	41	0.70%
Multiple Designation - Elderly	23	0.45%	-	0.00%	23	0.39%
No Designation	29	0.57%	2	0.25%	31	0.53%
No Designation - Elderly	13	0.26%	-	0.00%	13	0.22%
Elderly & Disability (Household Level)						
Elderly	1,895	37.17%	68	8.49%	1,963	33.28%
Disabled	736	14.44%	29	3.62%	765	12.97%
Handicapped	810	15.89%	6	0.75%	816	13.83%
Total Designated Elderly	3,441	67.50%	103	12.86%	3,544	60.08%
Non-Elderly	1,657	32.50%	698	87.14%	2,355	39.92%

*Percentages in relation to total households, except those in the Property Info and Tenants sections.

2013 Demographic Info for Oregon RD Multi-Family Housing

Data from RD's 2013 Multi-Family Housing Annual Fair Housing Occupancy Report (released 2/21/2014)

	Section 515		Section 514		Section 515 & 514	
	Number	%*	Number	%*	Number	%*
Household Type						
Single Person	3,231	63.38%	38	4.74%	3,269	55.42%
Male	935	18.34%	21	2.62%	956	16.21%
Female	2,296	45.04%	17	2.12%	2,313	39.21%
Multiple Persons	1,867	36.62%	763	95.26%	2,630	44.58%
Male Head of Household	528	10.36%	516	64.42%	1,044	17.70%
Female Head of Household	1,339	26.27%	247	30.84%	1,586	26.89%
Tenants						
All Tenants	5,869		1,400		7,269	
Tenants in RA Units	4,102	69.89%	526	37.57%	4,628	63.67%
Minors	2,030		1,636		3,666	
Elders	2,143		93		2,236	
Handicapped	858		14		872	
Full-Time Students	237		55		292	
Foster	14		11		25	
Household Income Level						
Very Low	4,917	96.45%	626	78.15%	5,543	93.97%
Low	172	3.37%	160	19.98%	332	5.63%
Moderate	7	0.14%	14	1.75%	21	0.36%
Above Moderate	2	0.04%	1	0.12%	3	0.05%
Household Subsidy						
Rental Assistance	4,102	80.46%	526	65.67%	4,628	78.45%
HUD Section 8	153	3.00%		0.00%	153	2.59%
Other Public Assistance	2	0.04%		0.00%	2	0.03%
Private Assistance	-	0.00%		0.00%	-	0.00%
HUD Voucher	322	6.32%	1	0.12%	323	5.48%
Other Basic Rent		0.00%		0.00%	-	0.00%
No Assistance		0.00%		0.00%	-	0.00%
Rent Overburdened Households						
Paying 30-40% of income toward rent	161	3.16%	7	0.87%	168	2.85%
Paying 41-50% of income toward rent	98	1.92%	3	0.37%	101	1.71%
Paying 51+% of income toward rent	139	2.73%	5	0.62%	144	2.44%
Total Overburdened	398	7.81%	15	1.87%	413	7.00%
Avg Income of Overburdened Households	\$ 12,171		\$ 12,282		\$ 12,175	
Average Rents & Utility Allowances						
Sec 8 Units	N/A		N/A		153	
Sec 8 Average Rent	N/A		N/A		637	
Sec 8 Average Utility Allowance	N/A		N/A		73	
Non-Sec 8 Units	N/A		N/A		5,746	
Non-Sec 8 Average Rent	N/A		N/A		559	
Non-Sec 8 Average Utility Allowance	N/A		N/A		58	
All Units	N/A		N/A		193	
All Average Rent	N/A		N/A		530	
All Average Utility Allowance	N/A		N/A		55	

*Percentages in relation to total households, except those in the Property Info and Tenants sections.