

House Bill 2629 Information:

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.

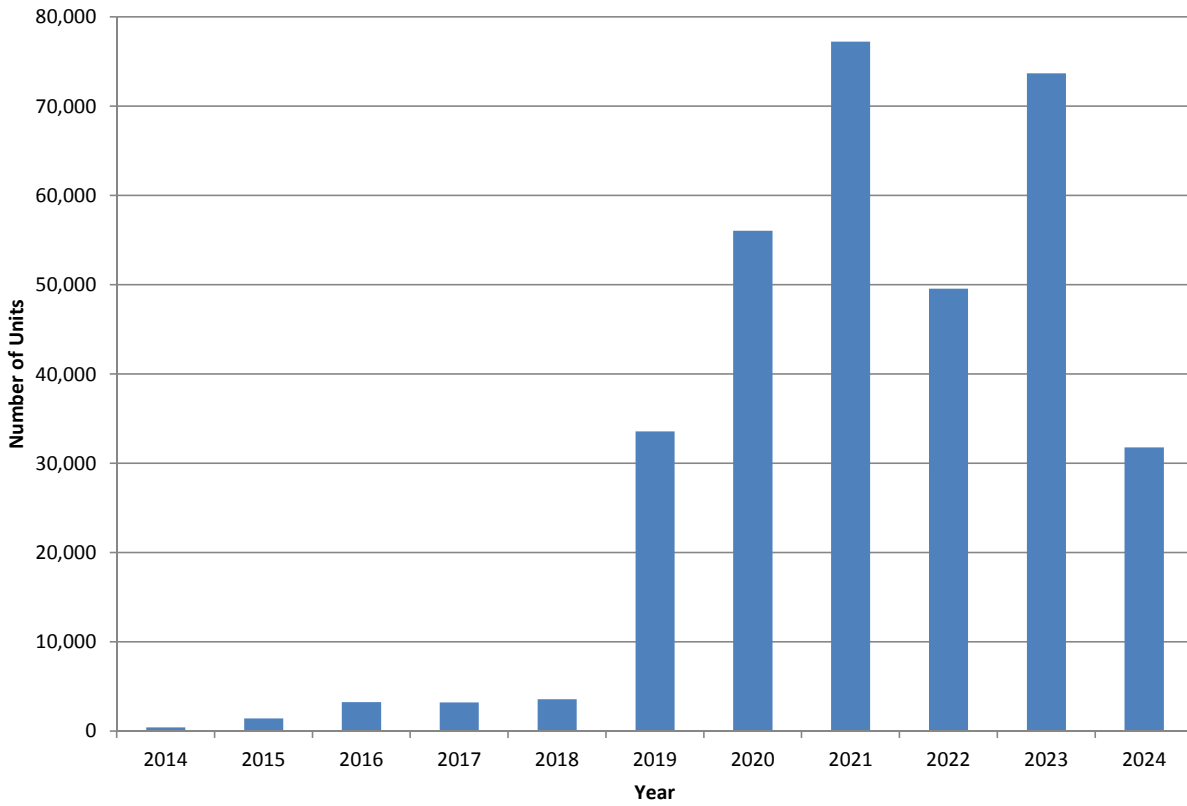
House Bill 2629 won't solve the maturing mortgage problem but it may help soften its impact on thousands of low income residents who live in RD housing. House Bill 2629 may also help preserve Rural Development projects by simply making information available to community stakeholders and preservation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

USDA SECTION 515-514 MATURING MORTGAGES 2014-2024

YEAR	Properties w/ Maturing Mortgage	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

A growing number of USDA Rural Housing Service Multifamily Housing (MFH) properties are coming up on the maturation of their 30+ year mortgages. When a MFH property mortgage matures: the owner is no longer under contract to offer affordable rents to low- and moderate-income families; and, statute does not allow Rental Assistance (RA) to continue supporting the families' tenancy.

USDA SECTION 515-514 PROJECT MORTGAGE MATURITIES 2014-2024



USDA SECTION 515-514 REMAINING UNITS 2014-2024

