

# Oregon Housing Preservation Project

1020 SW Taylor Suite 585, Portland, OR 97205 ■ 503.501.5688 ■ [PreserveOregonHousing.org](http://PreserveOregonHousing.org)

## Joint Committee on Ways and Means Subcommittee on Capital Construction

Capital Construction Budget Request

February 12, 2016

Rob Prasch, Network for Oregon Affordable Housing

# Housing Opportunity for Oregon Communities

## Preservation of assisted housing – Good policy with lasting benefits

### Affordable homes for our neighbors who need the help:

- Project-based rental assistance programs through the U.S. Department of Housing and Urban Development (HUD) and U.S. Department of Agriculture (USDA) Rural Development provide homes for more than 17,000 low-income households in Oregon.
- Oregon public housing agencies own and operate approximately 5,500 units of public housing that provide affordable homes to low-income households across the state. Much of Oregon's public housing is older and in need of physical upgrades to remain viable for future generations. HUD allows some public housing to be converted to project-based rental assistance which encourages private investors to finance much needed renovations and energy efficiency upgrades.
- Project-based rental assistance allows low-income renters to pay their rent and still have something left for groceries and medicine. The average household income for residents in properties with federal project-based rent assistance is \$862 per month, while the Fair Market Rent for the average two-bedroom home in Oregon is \$846 per month.
- Two thirds of the apartments supported by project-based rental assistance contracts provide affordable homes to residents who are elderly or have a disability.

### A good deal for Oregon and the Oregon economy:

- Project-based rental assistance contracts brought an estimated \$80 million of federal funding to Oregon communities in 2014.
- Legislative appropriations of \$41.9 million between 2007 and 2014 have leveraged \$543 million in private capital.
- 5,610 jobs were created between 2006 and 2014 as a result of the public and private capital invested in Preservation projects.



### A long-term solution:

- Project-based rental assistance contracts tied to specific homes provide long-term security to residents and as we have seen in recent years, these programs retain broader support from Congress than other housing subsidy programs.
- Renewals of all existing project-based rental assistance contracts for 20 years would bring \$1.6 billion of federal funding to Oregon.

### A cost-effective and equitable solution:

- Preserving existing properties costs an average of 2/3 the cost of building new affordable rental housing.
- Many of the existing properties with project-based rental assistance are located near essential services, transportation and employment opportunities. Preserving existing housing in desirable neighborhoods helps low-income residents avoid displacement resulting from gentrification.
- Properties with federal project-based rental assistance contracts are located in communities in every part of the state. Well over half are located in towns with populations under 25,000.

### An energy efficient solution:

- The greenest building is one that has already been built – renovation requires a fraction of the natural resources and energy that new construction consumes.
- Significant energy upgrades in preserved properties make existing buildings far more energy efficient, lowering utility costs and providing healthier homes for residents.



### Homes that meet the needs and budgets of residents:

- More than one in four U.S. renters uses at least half their family income to pay for housing and utilities. An astonishing 8 in 10 renters with extremely low incomes in Oregon now spend more than 50% of their income on housing, making preservation of existing homes with project-based rental assistance more vital than ever.
- Preserving properties with project-based rental assistance contracts allows vulnerable Oregonians to remain in their homes and keeps affordable housing resources available for the future.

### Project-based contracts tie housing resources to communities:

- When the mortgage on a Rural Development property matures the housing converts to market and the Rental Assistance is lost forever. When HUD project-based rental assistance contracts expire without being renewed the community must accept the loss of badly needed assisted housing.

#### Preserved Property Totals 2006-2015

Preserved Properties	198 *
Rent Assisted Units	7,237
Total Units	8,747
State Funds Invested	\$120,526,692
Other Capital Sources	\$648,587,800
Construction Contracts	\$244,950,053
Jobs Created	6,614
Total Project Costs	\$769,114,492
Federal Subsidy Retained	\$870,953,429
Average Resident Household Income	\$10,197

\* Includes 13 Manufactured Home Communities

Totals include estimates for projects funded but not yet closed

- When HUD project-based rental assistance contracts expire, residents must qualify to receive tenant-based vouchers as a replacement. Those residents must then search for a new home with a landlord willing to accept their voucher. Finding suitable homes can be very difficult in many neighborhoods and communities.
- When the mortgage on a Rural Development property matures and the housing converts to market there are no vouchers or other forms of protections provided to the residents. Preservation of Rural Development properties keeps desperately needed rural homes and associated Rental Assistance contracts in service for decades.
- When tenant-based voucher holders move to a new town, by choice or necessity, the original community loses a precious housing resource.
- Housing stability is just as important as resident choice and mobility. Both place-based and people-based housing assistance programs help maintain healthy communities, providing complementary housing options to people with different needs.

Preserving properties with rental assistance is the primary focus of the Oregon Housing Preservation Project (OHPP). As Oregonians with the lowest incomes continue to have trouble finding a safe, decent, and affordable place to call home, properties with project-based rent assistance contracts provide an invaluable, irreplaceable resource. In many communities around the state, these properties may represent the only safe, stable home for a senior living on a fixed income or a working family struggling to make ends meet. Federal project-based rent assistance also helps fuel the local economy, providing the property a steady stream of income that can attract private capital and investment.

In 2007, a partnership of state and local stakeholders, both public and private, established the OHPP in response to an impending wave of long-term federal project-based rent assistance contracts that would soon reach their expiration dates. Without contract renewals, that assistance is lost forever. OHPP works to provide outreach, technical expertise, and short- and long-term financing to preservation-minded buyers and owners of at-risk properties, with an ultimate goal of preserving affordable homes across Oregon.

Affordable  
Homes for  
Oregon  
Communities

**Preserve Oregon Housing**

[www.preserveoregonhousing.org](http://www.preserveoregonhousing.org)

#### Oregon Housing Preservation Project Partners:

Oregon Housing and Community Services

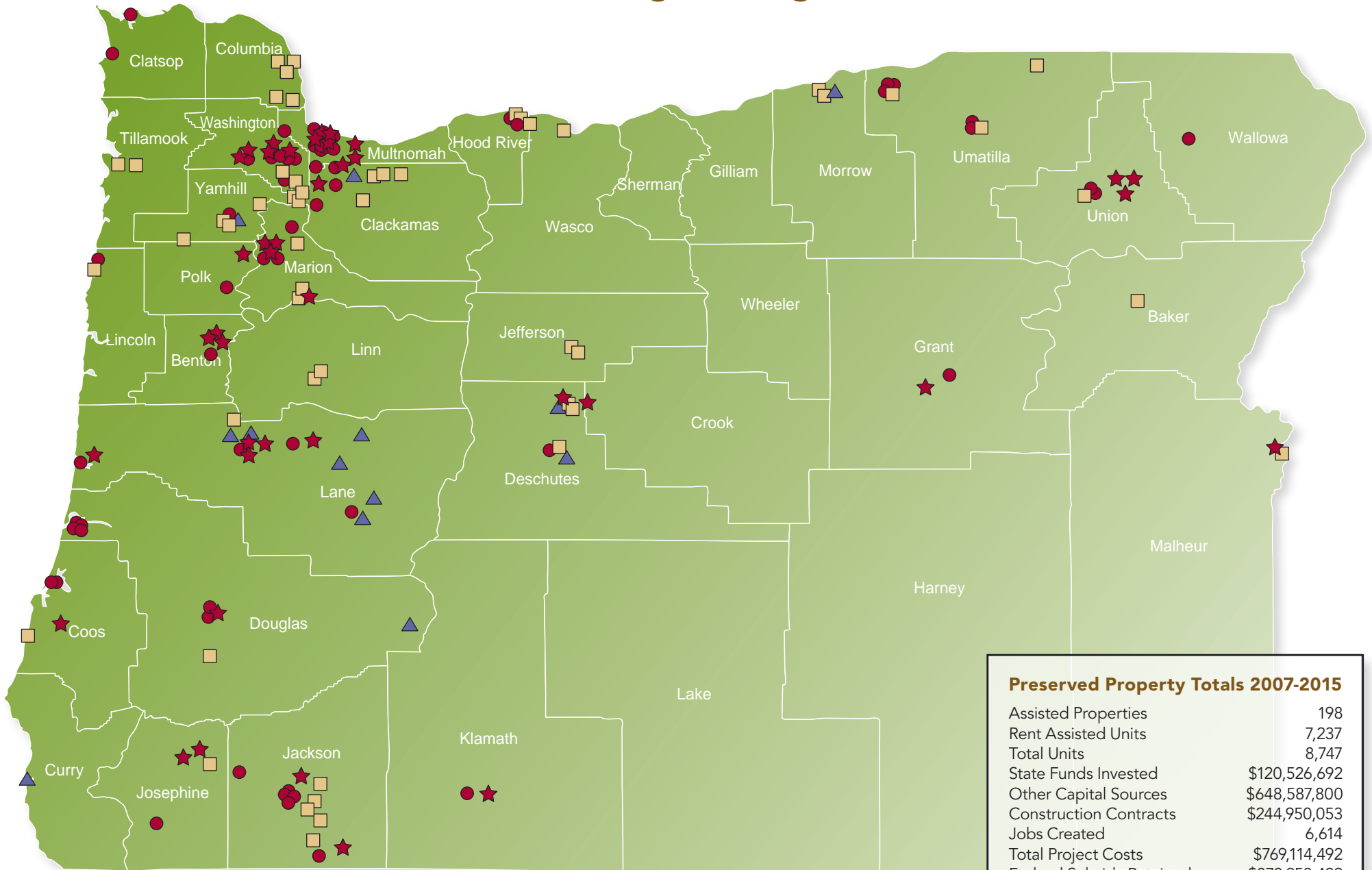
City of Portland

Network for Oregon Affordable Housing

U.S. Department of Housing and Urban Development

USDA Rural Development

# Preserved Housing in Oregon, 2007-2015



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# Cascade Valley Apartments

## Mt. Angel

Cascade Valley Apartments is a 40-unit USDA Rural Development family property located in Mt. Angel. Originally built in 1978 through the Rural Development 515 program, Cascade Valley provided decent and affordable homes for low income families and seniors for more than 30 years. By 2010 however, the property had fallen into disrepair and was in need of significant renovations.

In 2011, as part of a five-project preservation transaction by Chrisman Development Incorporated, new capital was secured to finance the acquisition and renovation of Cascade Valley Apartments. This gave a boost to the neighborhood and preserved the affordability of the property for another 30 years.

The residents welcomed the extensive renovations which included new energy efficient doors and windows, siding, roofs, exterior repairs, overhauls of bathrooms and kitchens and replacement of most interior finishes. Landscape and site improvements and a new playground greatly improved the property's curb appeal. As a result of



*Cascade Valley Apartments in Mt. Angel, was one of five properties preserved in the 2011 Beaver State Apartments preservation transaction. Cascade Valley received \$1.5 million in Housing Preservation Funds from Oregon Housing.*

these upgrades the aging complex was thoroughly renewed and will offer the solid foundation that safe, decent and affordable housing provides.

Oregon Housing and Community Services awarded \$1.5 million in Housing Preservation Funds to preserve Cascade Valley. These dedicated Housing Preservation Funds were raised

through the sale of Oregon Lottery Backed Bonds. The state's investment leveraged over \$3 million in private debt and equity sources and as part of the preservation transaction, Rural Development agreed to provide an additional 19 units of project based Rental Assistance.

[MORE >](#)



*Before renovations.*

*Cascade Valley Laundry.*





Cascade Valley 2010.



Cascade Valley after renovations.

The preservation of Cascade Valley locked in the project-based Rental Assistance for an additional 30 years securing an estimated \$5,341,050 in federal funds which will provide affordable homes to hundreds of Mt. Angel families and seniors over those years. Without the rental assistance few of the families at Cascade Valley could afford to live there. The average annual income for households receiving Rental Assistance in Oregon is \$10,148 or just \$846 per month. The members of the 39 households who today call Cascade Valley Apartments home will continue to afford living in Mt. Angel, a beautiful and historic community located in the heart of the Willamette Valley.

### Cascade Valley Apartments Sources

LIHTC Equity	\$800,331
OHCS Risk Sharing Loan	\$980,000
Low Income Weatherization Program	\$108,000
USDA RD Loan	\$1,211,283
Housing Preservation Funds	\$1,506,502
Deferred Development Fee	\$161,331
Project Funds	\$169,634
<b>Total Sources</b>	<b>\$4,937,081</b>

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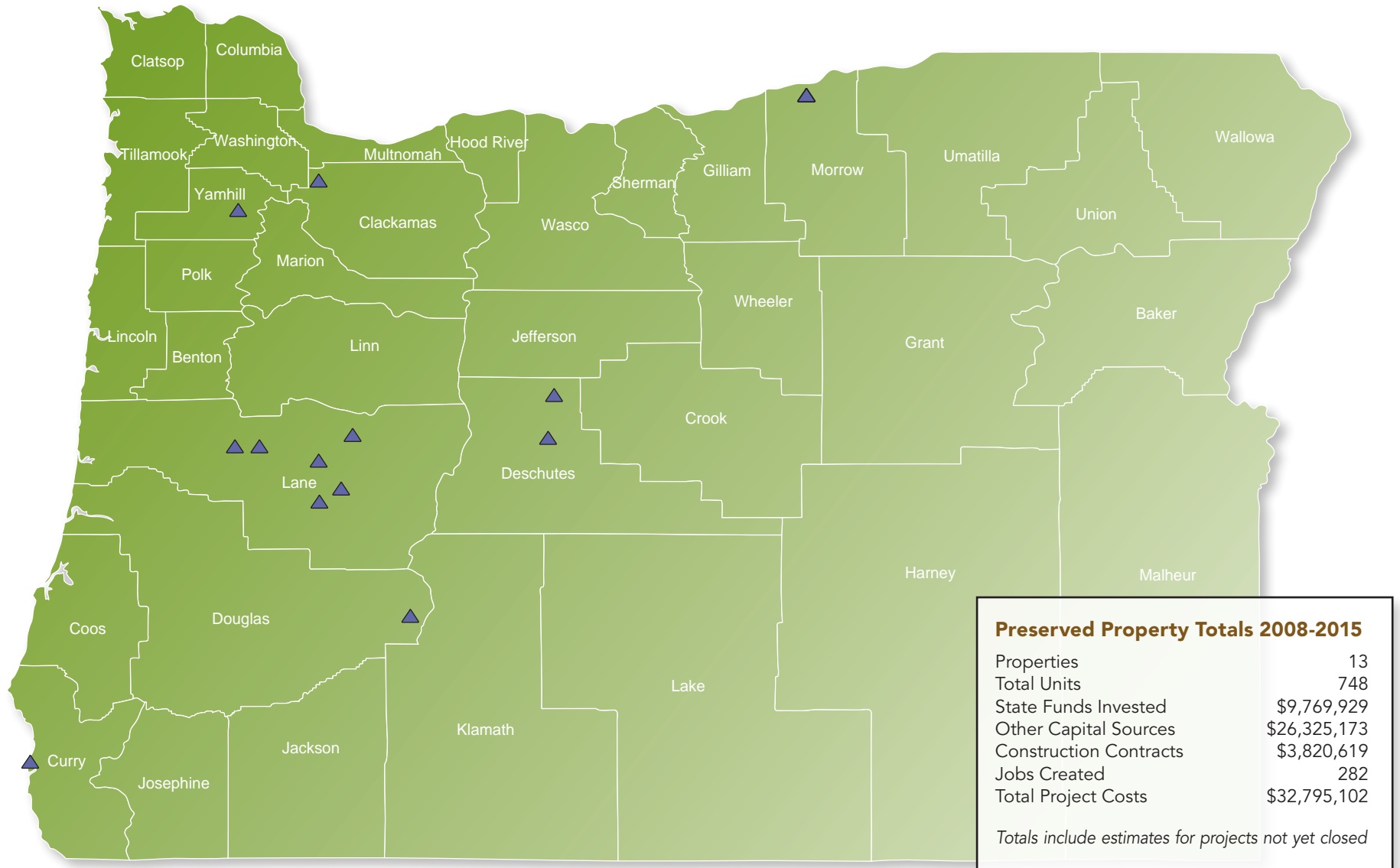
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### Oregon Housing Preservation Project Partners:

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City of Portland  
Network for Oregon Affordable Housing  
U.S. Department of Housing and Urban Development  
USDA Rural Development

# Preserved Manufactured Housing Communities in Oregon, 2008-2015



**Bend** – WEST-SIDE PINES COOPERATIVE. Purchased by resident-owned coop, assisted by CASA of Oregon, 2013

**Boardman** – BELLA VISTA ESTATES COOPERATIVE. Purchased by resident-owned coop, assisted by CASA of Oregon, 2014

**Clackamas** – CLACKAMAS RIVER COMMUNITY COOPERATIVE. Purchased by resident-owned coop, assisted by CASA of Oregon, 2012

**Dexter** – DEXTER OAKS MOBILE HOME PARK. Purchased by resident-owned coop, assisted by CASA of Oregon, 2015

**Gold Beach** – SAUNDERS CREEK HOMEOWNERS COOPERATIVE. Purchased by resident-owned coop, assisted by CASA of Oregon, 2011

**IDLEYLD** – FOREST RANCH MOBILE HOME PARK. Purchased by resident-owned coop, assisted by CASA of Oregon, 2015

**Junction City** – HARWOOD MOBILE MANOR. Purchased by St. Vincent DePaul, 2011

**Junction City** – TIVOLI MOBILE MANOR. Purchased by St. Vincent DePaul, 2015

**Leaburg** – VIDA LEA COMMUNITY COOPERATIVE. Purchased by resident-owned coop, assisted by CASA of Oregon, 2012

**McMinnville** – HORIZON HOMEOWNERS COOPERATIVE. Purchased by resident-owned coop, assisted by CASA of Oregon, 2008

**Oakridge** – HILLCREST MOBILE HOME PARK. Purchased by St. Vincent DePaul, 2011

**Oakridge** – OAKRIDGE MOBILE HOME PARK. Purchased by St. Vincent DePaul, 2013

**Redmond** – GREEN PASTURES SENIOR COOPERATIVE. Purchased by resident-owned coop, assisted by CASA of Oregon, 2009

As of December 2015. Only includes communities funded 2008-2015.

# Bella Vista Estates

## Boardman

In January of 2014 the residents of Bella Vista Estates Cooperative in Boardman purchased their 127-space manufactured housing community securing long-term stability and affordable living for the residents. Formerly known as Desert Springs Estates, Bella Vista Estates is one of seven resident-owned manufactured housing communities in Oregon assisted by CASA of Oregon.

Purchase of manufactured housing communities by resident-owned cooperatives preserves their affordability and provides residents greater control of their future. Once purchased by members of a non-profit cooperative the community will remain as an affordable manufactured housing community. Resident ownership encourages wealth-building for cooperative members through appreciation in their home values and provides incentives for the coop owners to invest in improvements to the community infrastructure.



*A stable and affordable community providing opportunity.*

Under the guidance of Community and Shelter Assistance Corporation, or CASA of Oregon, Bella Vista's residents formed a cooperative, secured financing and completed the purchase in January of 2014. CASA of Oregon advised the residents and helped secure the \$3.15 million in financing needed to buy Bella Vista Estates.

One of the largest resident-owned communities converted to date in Oregon, the preservation of Bella Vista

Estates ensures that residents, many of whom are agricultural workers in the area, are able to enjoy economic security and stability. "We are excited to accomplish this goal for the benefit of the hardworking families in our manufactured housing community. They can rest assured that affordable housing will always be available near their places of work", said Clarissa Jimenez, Board Secretary of Bella Vista Estates Cooperative.



*The residents are the proud new owners of Bella Vista Estates.*

In recent years strong demand for low-cost housing has increased interest in acquisitions of manufactured housing parks. Large companies in the sector have been purchasing portfolios of parks which has reduced competition. At the same time, a growing need for affordable housing has increased demand for space in parks resulting in higher rents which increases investor interest even more.

According to data provided by CASA of Oregon, there are approximately 1,100 manufactured housing parks with 62,700 spaces statewide. This represents a significant portion of the affordable housing stock available to low- and fixed-income Oregonians.

Preserving manufactured housing communities through sales to mission-based non-profit owners or conversion to resident ownership are effective strategies for preserving affordable manufactured housing in Oregon.

Between 2009 and 2014, ten manufactured housing communities in Oregon were preserved with funding provided by Oregon Housing and Community Services Department using proceeds from the sale of Oregon lottery backed bonds and the Oregon Affordable Housing Tax Credit. Seven of the ten are now resident-owned communities, including Bella Vista Estates Cooperative in Boardman.

### **Preserved Manufactured Housing Communities Totals 2008-2014**

Properties	10
Total Units	555
State Funds Invested	\$4,500,000
Other Capital Sources	\$22,397,964
Construction Contracts	\$1,912,062
Jobs Created	203
Total Project Costs	\$23,597,964



# Harwood Mobile Manor

## Junction City

St. Vincent dePaul of Lane County, a community-based non-profit organization that owns and operates affordable rental properties in several Oregon communities, has acquired and preserved four Lane County manufactured housing communities making extensive improvements and providing stability for the residents.

Harwood Mobile Manor, located in Junction City, was in receivership and in desperate need of physical improvements when St. Vincent de Paul acquired it in 2011. The acquisition was made possible using a conventional bank loan and Housing Preservation Funds from Oregon Housing and Community Services. The dedicated Housing Preservation Funds were raised through the sale of Lottery Backed Bonds approved by the Oregon Legislature in 2009.

“Harwood was typical of many rural parks,” said Terry McDonald, Executive Director, St. Vincent de Paul. “There were a number of units that needed to be removed and replaced with new models or renovated.”

Tom has lived in the park for over 14 years, off and on. The trailer he was living in was condemned when it was found to have dead mice, dead rats, and a possum (not playing dead) in the walls. He now lives in a mobile home renovated by St. Vincent de Paul. “They spent \$9,000 to fix it up,” he said. “It’s really

**“People are taking better care of their yards and watching their kids better. If something’s wrong, management is right on it.”**

– Tom, Harwood Mobile Manor resident

**“There is nothing dignified about living in mobile homes that are in disrepair. We’re proud of the mobile home parks we’ve acquired and look forward to additional opportunities.”**

– Terry McDonald, Executive Director, St. Vincent de Paul

nice. I like being out in the country but close enough to town to get what I need.” Tom used to drive an armored truck, but now is on disability due to complications from diabetes and the aftermath of a kidney/pancreas transplant. He’s noticed good changes since St. Vinnie’s took over management. “People are taking better care of their yards and watching their kids better. If something’s wrong, management is right on it.”

Denise also enjoys the quiet, country living. Her 3-bedroom mobile home was acquired from the Oregon Department of Transportation and needed minimal repairs. It’s her first time renting housing on her own.

Prior to moving to Harwood, Denise and her two children had been living with her parents. She appreciates the



Tom, pictured with his therapy dog, Cheyenne, benefitted from the change in ownership.



Denise, pictured with daughter Emily, 5.

affordable rent and the friends her children have made since moving to Harwood. Denise works 40 hours per week as a caregiver in a foster home for developmentally disabled adults and is going to school for her GED. After that, she’ll continue at Lane Community College and study to become an X-ray technician, and save money for a down-payment on a house.

“Preservation of mobile home parks is a good strategy for us,” said McDonald. “We acquire them, fix them up, and have affordable rentals or home ownership opportunities for people who otherwise would have few options. Our mission statement references ‘the dignity of all’. There is nothing dignified about living in mobile homes that are in disrepair. We’re proud of the mobile home parks we’ve acquired and look forward to additional opportunities.”

<b>Preservation Project Pipeline Gap Financing Needs: Dec 2015</b>													
	Projects with Preservation plans	Projects in Metro - Oregon	Projects in Non-Metro Oregon	Projects in Balance of State	Total Units	Assisted Units	Estimated Gap Needs	20-Year Subsidy Value	Most Likely to Proceed next 5 years	Total Units	Assisted Units	Estimated Gap Needs	20-Year Subsidy Value
HUD Section 8 Projects	27		2	25	731	717	18,232,764	75,337,620	13	309	315	9,594,627	40,776,900
RD Projects	22			22	644	497	17,026,290	45,376,100	7	186	142	5,860,416	15,155,800
HUD LIHPRHA Projects	21	10	4	7	824	648	27,192,000	72,329,760	10	433	335	14,289,000	37,392,700
HUD Mod Rehab Projects	2	1		1	153	151	5,049,000	16,854,620	2	153	151	5,049,000	16,854,620
HUD 202 Projects	3	1	2		347	335	8,675,000	23,440,000	1	222	210	6,500,450	23,440,000
Public Housing, RAD-Sect 18	12	9	3		1,246	1,246	31,150,000	127,640,240	7	696	696	17,400,000	71,298,240
<b>Totals</b>	<b>87</b>	<b>21</b>	<b>11</b>	<b>55</b>	<b>3,945</b>	<b>3,594</b>	<b>107,325,053</b>	<b>360,978,340</b>	<b>40</b>	<b>1,999</b>	<b>1,849</b>	<b>58,693,492</b>	<b>204,918,260</b>
<b>Summary</b>													
	<b>Projects with Preservation plans</b>	Projects in Metro - Oregon	Projects in Non-Metro - Oregon	Projects in Balance of State	<b>Total Units</b>	<b>Assisted Units</b>	<b>Estimated Gap Needs</b>	<b>20-Year Subsidy Value</b>	<b>Likely to Proceed next 5 years</b>	<b>Total Units</b>	<b>Assisted Units</b>	<b>Estimated Gap Needs</b>	<b>20-Year Subsidy Value</b>
<b>All Assisted Projects</b>	<b>75</b>	<b>12</b>	<b>8</b>	<b>55</b>	<b>2,699</b>	<b>2,348</b>	<b>76,175,053</b>	<b>233,338,100</b>	<b>33</b>	<b>1,303</b>	<b>1,153</b>	<b>41,293,492</b>	<b>133,620,020</b>
<b>All Assisted &amp; Public Housing</b>	<b>87</b>	<b>21</b>	<b>11</b>	<b>55</b>	<b>3,945</b>	<b>3,594</b>	<b>107,325,053</b>	<b>360,978,340</b>	<b>40</b>	<b>1,999</b>	<b>1,849</b>	<b>58,693,492</b>	<b>204,918,260</b>

**Notes:**

Estimated subsidy retained is based on 20 years of continued project-based assistance using project-specific per unit average annual subsidy amounts when available or per unit 20-year averages of \$111,620 (HUD), \$91,300 (RD) and \$111,620 for Public Housing units converting to Section 8.

Estimated gap financing needs are either provided by developer, based on average gap amounts used under similar transactions funded or using \$20,000/unit 9% LIHTC, \$30,000 4% LIHTC, or \$25,000/unit Public Housing.