



March 26, 2019

Joint Committee On Ways and Means
Subcommittee On Transportation and Economic Development
900 Court Street NE
Salem OR 97301-4047

Dear Co-Chair Manning, Co-Chair Gomberg, and Members of the Committee

The Network for Oregon Affordable Housing (NOAH) is a statewide non-profit community development financial institution that finances affordable housing projects in Oregon. We finance affordable multifamily rental properties across the state and work closely with OHCS and affordable housing developers to create and preserve affordable housing in Oregon. We also advocate on affordable housing and community development policies and best practices. Since 2007 we have facilitated the Oregon Housing Preservation Project, a collaborative effort seeking to preserve Oregon's privately owned federally subsidized properties and public housing projects that are at risk of loss.

I am writing to express NOAH's support for the historic investments in housing opportunity in Oregon Housing and Community Services' Agency Budget Request. Each of the Policy Option Packages (POP) in the OHCS Agency Budget Request represent important opportunities to create new affordable housing projects and preserve existing affordable housing. I would like to express very strong support for the Department's request for \$25 million in lottery bond funds which will provide preservation gap financing resources, (POP 110). Governor Brown's proposed budget also includes a \$25 million request for preservation funds.

As you well know, in response to our unprecedented affordable housing emergency, Oregon has dedicated tens of millions of dollars in new resources to create much needed affordable housing in communities across the state. These historic investments will create thousands of new affordable units, but we know it will take many years of sustained investments to build enough new affordable rental homes to address our current shortage. In the meantime, we must do all we can to preserve Oregon's existing publicly supported housing and safeguard the original state and federal investments made to create these valuable community resources.

Today, much of our place-based publicly supported housing is at risk due to the threat of conversion to market rate rentals, expiration of subsidies and/or use restrictions or failure due to accumulated capital needs.

Each year federal rental assistance programs through HUD and USDA Rural Development provide affordable homes to tens of thousands of Oregonians with extremely low incomes including thousands of households headed by seniors and people with disabilities. HUD's project-based Section 8 and public housing programs, and the Rural Development Section 521 Rental Assistance program, are place-based rental assistance programs that last year, brought an estimated \$128 million to our state. 22,000 Oregon households rely on these programs to provide safe, decent rental homes.

Since the Low Income Housing Tax Credit (LIHTC) program was created in 1986, Oregon has funded some 600 properties with over 43,000 rental homes which are affordable to households having lower incomes. Many of these properties are showing wear and tear after nearly 30 years of service and need to be recapitalized to remain viable. Dozens of these properties have urgent capital needs which will only grow with the passing of additional time.

For the past twelve years OHCS has prioritized preservation of aging properties with federal rental assistance contracts preserving over 9,400 subsidized homes to date. Preserving these properties has been a good investment by the state as nearly \$1.3 billion in federal rental assistance has been secured through long-term contract extensions. But we must keep making these investments as we know there are still many thousands of units at risk.

We can preserve most of these at-risk properties through sales to preservation-focused developers and recapitalizations, provided adequate gap financing resources are available. The current pipeline of preservation transactions seeking financial resources includes over 150 projects with 5,000 subsidized units. The estimated gap financing needed to preserve these properties is estimated at nearly \$400 million. That's why we support the Oregon Housing Alliance's request for \$100 in funding for preservation gap financing needs.

Preserving Oregon's manufactured housing communities is also sound policy. Statewide, there are approximately 1,100 manufactured housing parks with 62,500 spaces representing a significant portion of the affordable housing stock available to low and fixed-income Oregonians. Preserving manufactured housing communities through sales to mission-based nonprofit owners or conversion to resident ownership are effective strategies for preserving this naturally affordable housing stock. In Oregon's investor driven real estate market, manufactured housing community sales and closures are on the rise.

Preservation of existing publicly supported affordable housing and manufactured home communities is good public policy. Since 2007 OHCS has done an outstanding job preserving 256 at-risk properties located in 88 Oregon communities. More than a third of the properties preserved have been in small towns with populations under 10,000. I urge you to support the \$25 million request for preservation funding in Oregon Housing and Community Services' Agency Budget Request.

Sincerely,



Rob Prasch, Preservation Director
Network for Oregon Affordable Housing