

April 19, 2019

To: Oregon State Legislature,
Joint Ways and Means Subcommittee on Capital Construction
Attention: Co-Chair Girod, Co-Chair Holvey and Members of the Committee
RE: Letter of Support for HB 5030

I am writing on behalf of Human Solutions in East Portland/East Multnomah County to convey our strong support for HB 5030 and the Housing Alliance request for \$100 million in lottery bonds to maintain affordable homes across Oregon.

Human Solutions' mission is to counter the forces that keep people and communities in poverty by building relationships and assets that create opportunity - today and for future generations. Specifically, *we partner* with people and communities impacted by poverty so they can achieve long-term housing and economic security, *we invest* in affordable housing and community assets that contribute to strong, inclusive neighborhoods, and *we advocate* with our community for policies and investments that expand housing and economic opportunity, eliminate wealth inequality and end poverty. East Portland/East Multnomah County, Oregon is our home and the heart of our investments, advocacy and programs.

Since 1988, Human Solutions has been partnering with individuals and families who seek out our services to achieve housing stability and economic security. The individuals and families we partner with experience extreme poverty and, in many cases, homelessness or significant housing instability/insecurity. More than half of the people we serve are children, and we partner with their families to secure stable housing as a foundation to a thriving future. To achieve our mission, we offer a continuum of services that fall into three main categories:

1. Emergency support for those experiencing or at imminent risk of homelessness,
2. Long-term housing stabilization, which includes our own development and management of affordable housing (currently 720 units with 120 more in the pipeline), and
3. Economic security through programs that support career-track employment in living wage professions.

Families in East Portland/East Multnomah County have felt the extreme impact of our statewide housing crisis. 60% of the population is rent burdened, meaning they pay more than 30% of their income on rent. In addition, area schools have very high rates of poverty (63-86% across four east metro districts) and mobility rates over 20% - meaning children are moving too frequently to support their academic success.

We are grateful to see that the Oregon Housing and Community Services' 2019-20 budget prioritizes funding for programs critical to addressing the short-term impacts of Oregon's Housing Crisis as well as strategies to build long-term bulwarks to reverse our

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vulnerability to housing market volatility through the development of permanently affordable housing.

While we see the need for the full range of programming funded by the proposed OHCS Budget, **we want to specifically call out the urgency of full funding for the requested \$100 million to preserve existing affordable rental housing.** Like many housing organizations managing a portfolio of affordable apartments we have developed in partnership with the State of Oregon, Human Solutions' housing communities must meet ongoing debt obligations, maintenance needs, and provide needed resident services and property management through an income stream made up solely from the rents of Oregon's poorest residents.

Over time, some maintenance is necessarily deferred, capital replacements delayed and some service levels fall below optimal because of the financial operating constraints at some properties – especially at those serving our lowest income families. As our initial investments in affordable housing begin to age, residents pay the price of deferred maintenance and minimized services, and as a state Oregon risks losing existing affordable housing at the very time we are desperately trying to build more. Even as we prioritize the development of new affordable housing communities, the need to reinvest at scale in our existing portfolio is urgent – we support full funding of this request.

Human Solutions maintains a portfolio of 17 properties in East Portland and East Multnomah County, totaling 720 units. These properties provide homes for families transitioning from homelessness, often with very low incomes and high levels of personal and family trauma. Our housing offers family-sized units, a scarce resource in our community that is also relatively expensive to maintain and operate.

Many of our properties were constructed from the 1970s to early-2000s and have capital needs reflective of the age, family occupancy and envelope issues like water intrusion. Interior upgrades, systems upgrades and substantial envelope repairs are needed across our portfolio to maintain stable and healthy housing for our families. In total, an estimated 11 properties totaling 445 units have known preservation needs for interior, exterior, and site work. Human Solutions staff has applied for numerous public funding offerings over the years to rehab these properties, but the scarcity of available resources means that this critical work is often deferred.

For example, our Ankeny Woods property provides 42 units of housing ranging from one to four bedrooms. It has suffered from extensive water intrusion, and individual unit decks have been blocked off to resident access since 2017 due to unsafe conditions. Human Solutions applied for preservation funding in 2018 to complete critical repairs, but was not successful among a multitude of other applications. A capital infusion is essential to

stabilize the property and prevent further damage that could jeopardize the housing of 42 low-income households.

Human Solutions recently completed the rehab of two properties that tell the story of the importance and challenge of affordable housing preservation. Carolyn Gardens is a 12-unit townhome property with three and four-bedroom units, required seven sources of financing to generate sufficient capital for the 2018-2019 rehab. Preservation resources for small properties like Carolyn Gardens are particularly challenging, since the ability to support debt is limited, and it took Human Solutions staff two years to assemble the necessary funding. Conversely, the Fairview Arms rehab was fortunate enough to receive extraordinarily competitive 9% LIHTC funding in 2017 to fund its preservation. Very few affordable housing properties receive this impactful resource for preservation efforts, but many more need it.

Thank you for this opportunity to share Human Solutions' strong support for the state's continued investment in affordable housing, especially preservation of existing stock. Additional resources couldn't be more important right now.

Sincerely,



Andy Miller, Executive Director
Human Solutions

ⁱ Oregon Department of Education 2018 School Report Cards: <https://www.oregon.gov/ode/schools-and-districts/reportcards/reportcards/Pages/default.aspx>