



February 14, 2020

Joint Committee On Ways and Means  
Subcommittee On Capital Construction  
900 Court Street NE  
Salem OR 97301-4047

Dear Co-Chair Girod, Co-Chair Holvey and Members of the Committee:

*Subject: Support for the Speaker's request for \$20 million for preservation*

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 Oregon Housing and Community Services Department, (OHCS) and affordable housing developers to create and preserve affordable housing in Oregon. As a member of the Oregon Housing Alliance we are advocates for affordable housing and community development policies and best practices. Since 2007 NOAH has facilitated the Oregon Housing Preservation Project, a collaborative initiative seeking to preserve Oregon's privately owned, federally subsidized properties and rent restricted housing, manufactured housing communities and public housing projects that are being modernized under HUD's Rental Assistance Demonstration program.

I am writing to express NOAH's support for the Speaker's request for \$20 million in lottery bond funds which will provide gap financing resources for affordable housing preservation transactions. The Oregon Housing Alliance also supports this request.

In response to our unprecedented affordable housing emergency, Oregon has dedicated hundreds of millions of dollars in new resources to create much needed affordable housing in communities across the state. If we are to gain ground, we must also 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 aging publicly supported housing is at risk due to the threat of conversion to market rate rentals, expiration of subsidies and/or use restrictions and physical deterioration due to accumulated capital needs resulting from years of continuous service.

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, affordable rental homes.

Since the Low Income Housing Tax Credit (LIHTC) program was created in 1986, Oregon has funded over 600 properties providing 45,000 rental homes 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.

We can preserve many 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 6,700 subsidized units. The gap financing needed to preserve these properties is estimated at over \$300 million. That's why we support the Oregon Housing Alliance's request for \$20 million in funding for preservation project gap financing needs.

Since 2007 OHCS has prioritized preservation of aging properties with federal rental assistance contracts and manufactured housing communities, preserving 298 properties with 14,235 homes to date, including 23 manufactured housing communities. Preserving these properties has proven to be a good investment by the state as an estimated \$1.4 billion dollars in private capital has been leveraged and \$1.5 billion in long-term federal rental assistance contracts have been secured.

OHCS has been a responsible steward of the lottery bond funds previously allocated by the Capital Construction Subcommittee for preservation. In 2017 this Committee allocated \$25 million for preservation. OHCS deployed those funds in the spring of 2018 preserving 21 projects with 840 total units. These projects utilized non-competitive 4% LIHTC and bond financing keeping them out of the highly competitive 9% funding round which primarily fund desperately needed new construction projects.

Last year the Capital Construction Subcommittee allocated an additional \$25 million for preservation. Those funds will be deployed in the spring of 2021 when the bonds are scheduled to be sold. Should the additional \$20 request be approved, OHCS will be able to substantially increase the number of projects preserved.

Preservation of existing publicly supported affordable housing and manufactured housing communities is good public policy. Since 2007 OHCS has done an outstanding job preserving 298 at-risk properties located in 94 Oregon communities. More than a third of the properties preserved (102) have been in small towns with populations under 10,000. I urge the Committee to support the Speaker's \$20 million lottery bond request for preservation funding.

Respectfully submitted,



Rob Prasch, Preservation Director  
Network for Oregon Affordable Housing