



February 14, 2020

Joint Ways and Means Subcommittee on Capital Construction

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

On behalf of Hacienda Community Development Corporation (Hacienda), we are writing in support of HB 5201, and the Speakers request for \$50 million in General Obligation, Article XI-Q bonds to build affordable homes and \$20 million request for Lottery bonds to maintain affordable homes.

Hacienda is a Latino lead Community Development Corporation that strengthens families by providing affordable workforce housing, homeownership support, economic advancement and educational opportunities. We understand that an affordable home is only one part of the key to a sustainable future. At Hacienda we strive to provide an all-encompassing selection of resources and services to allow our families to thrive now, and invest for the future.

To achieve our mission and support our communities, we need financial resources to maintain and develop new affordable homes across Oregon. Over the years, affordable housing providers have built thousands of apartment homes in communities across our state. Within our own portfolio of nine properties, we have identified two in need of immediate preservation funding. Our oldest project, Villa de Clara Vista, first constructed in 1963, must be completely redeveloped, as the apartment buildings have become obsolete and are beginning to fail. Villa de Clara Vista currently provides 108 units of affordable housing to over 250 individuals, half of which are minors under age 18. The average income among our portfolio is approximately \$26,000 or about 50% of the Area Median Income, considered very-low-income. The second project, Mira Flores, provides 32 units of housing to over 82 individuals and families. The buildings are less than 10 years old, but have sections of exterior siding that are failing. While we anticipate proceeds from a construction defect litigation will help with the cost of replacing the building envelope, additional preservation funding is likely to be needed to fill any gap, and allow us to preserve the housing.

For both projects, Section 8 project based vouchers are in place to help approximately 37 households with extremely low incomes. Section 8 project based vouchers allow these households to pay only 30% of their incomes for rent. Using 2018 income limits, for an extremely low income single person, their income would be less than \$17,100 and they would pay a one-bedroom rent of about \$427 per month, including utilities. For a family of four, an extremely low income is less than \$24,570 and they would pay a 3-bedroom rent of about \$635 per month, including utilities. Now let's compare those



extremely low income rent levels to the private market. For 2020, the private market rent averaged \$1,480 per month, a new high for Portland (Marcus Millichap 2019 Multifamily N. America Investment Forecast Report, Portland Market). If these families were displaced for lack of housing preservation funding, these extremely low income individuals and families would likely end of homeless, unable to afford the private rental housing market.

Among our entire portfolio, Hacienda has 391 units and houses over 1,000 individuals and families. About 25% of our units are made available for Section 8 project based vouchers. Our housing waiting lists have 300 applicants as of January, 2020, with more families inquiring about affordable housing every day. With a turnover of less than 2% or 8 units per year, waiting list applicants would wait for decades before being able to receive affordable housing among our current inventory. Thus preservation of our existing inventory is important, as is the additional of new affordable housing.

Toward the latter, Hacienda is partnering with our City and the State to build new affordable housing in the coming years. Our Las Adelitas project, for example, will add 142 new units of affordable housing targeting households with incomes of less than 60%. Of this total, we are also planning to set aside 15 units as permanent supportive housing and 47 units for extremely low income individuals and families. LIFT funding for this project will be critical to begin construction by the fall of 2020. Our next priority project is the Villa de Clara Vista project. This project plans to redevelop an existing housing project that has become deteriorated and obsolete. This project also sits on four valuable acres of high density zoned land, which after redevelopment, would permit up to 300 units of affordable housing. LIFT Funding would be essential to help us complete the funding and redevelop into hundreds of units of safe, stable, affordable housing.

Since 2015, the Legislature has committed \$120 million in general obligation bonds to the LIFT program, which has funded over 2,000 affordable homes since 2015. These homes are being built across Oregon – Newport to Ontario, Klamath Falls to Astoria, Roseburg, Hermiston, Eugene, Bend, Redmond, and Sisters, and everywhere in between. Across Oregon, non-profit organizations like Hacienda and public housing authorities are ready to build safe, stable, and affordable homes for rent and for purchase. With additional resources, we can support more of this work and build projects in our community and across Oregon.

Today, we have the opportunity to invest in maintaining safe, stable, and affordable homes across Oregon, and steward these communities for future generations without risking the closure of a park, or rapidly rising rents.



Hacienda strongly supports HB 5201 and the Speaker's \$70 million requests for additional bond funding to preserve existing affordable rental homes and build new affordable housing across our state. We urge your support.

A safe, stable, and affordable place to call home will pay the social dividends of a strong community for generations to come.

Thank you Committee members for your attention to this matter and for your service.

Sincerely

A handwritten signature in blue ink, appearing to read "Rose M Ojeda", with a horizontal line extending to the right.



Rose M Ojeda, Director, Real Estate Development