



March 29, 2021

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

Dear Co-Chair Beyer, Co-Chair Gomberg, and members of the Committee

We write today to express our support of HB 5011, and the proposed budget for the Oregon Housing and Community Services (OHCS) Department for the 2021-2023 biennium.

The Network for Oregon Affordable Housing (NOAH) is a statewide non-profit community development financial institution that finances affordable housing projects across the state. We finance affordable multifamily rental properties in communities large and small 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.

As you know, Oregon suffered through a cascade of crises in 2020. The ongoing pandemic, spring floods and summer wildfires devastated communities across the state, displaced thousands of homeowners and threw their families into economic distress. Prior to these events, Oregon was already experiencing a housing crisis, with too many of our neighbors and community members experiencing housing instability.

In times of crisis like these, Oregonians depend on our elected officials and state agencies to respond with policies to directly address the hardships so many of our neighbors and family members currently face. That's why NOAH strongly supports the OHCS Agency Budget Request and its historic investments in housing opportunity across the state.

We offer our support for each of the proposed investments in Housing Stabilization, Home Ownership and Affordable Rental Housing. In particular, we call your attention to three program areas in the proposed budget, Affordable Housing Preservation, Manufactured Home Park Preservation and Manufactured Home Replacement, and recommend increasing their request as follows:

Affordable Housing Preservation. The Agency Budget request is \$10 million. Oregon needs to maintain our supply of existing affordable rental housing, and reinvestment is needed to maintain safe, stable, and affordable homes. Affordable rental properties with thousands of units are at risk of loss due to subsidy contract expirations, conversion to market rate housing or have significant physical needs due to their age that threaten their continued operation. We can preserve most of these at-risk properties through sales to preservation-focused developers and project recapitalizations, provided adequate gap financing resources are available.

The current pipeline of preservation transactions seeking financial resources includes over 160 projects with 7,000 publicly supported units. The estimated gap financing needed to preserve these properties is estimated at over \$400 million. Each year, investment of public funds to support preservation transactions leverages millions in private capital sources used to renovate these community assets and reposition them for decades of additional service. In 2019 the Capital Construction Committee approved \$25 million in Lottery Bonds for preservation, but

the 2021 bond sale was cancelled due to the impacts of COVID. In 2020 the Capital Construction Committee approved an additional \$10 million in Lottery Bonds for preservation, but the session ended early under protest. Meanwhile, estimated gap financing needs for the pipeline of known preservation projects increased by \$80 million and now stands at over \$400 million. We recommend the Legislature commit \$100 million in Lottery Bonds to meet needs to maintain existing affordable housing across Oregon.

Manufactured Home Park Preservation. 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 resident cooperatives and mission-based nonprofit owners are effective strategies for preserving this naturally affordable housing stock.

The OHCS Agency Budget request is \$3.5 million. We recommend \$20 million. Of the \$25 million approved by the Capital Construction Committee for preservation in 2019, \$5 million was earmarked for manufactured housing community purchases by cooperatives and mission focused non-profits. Due to the cancellation of the Lottery Bond sale, OHCS canceled its annual NOFA for park preservation funds resulting in a growing pipeline of park acquisitions seeking gap financing. The unprecedented wildfires in the summer of 2020 devastated entire communities and destroyed 1,662 manufactured homes in 18 manufactured home parks. Rebuilding the destroyed manufactured home parks and returning displaced homeowners to their communities should be among the state’s highest priorities.

Manufactured Home Replacement. The Agency Budget request is \$3.5 million. We recommend \$20 million. In addition to the 1,662 manufactured homes destroyed by the 2020 wildfires, thousands of manufactured homes built prior to stricter code implemented in 1980 by the US Department of Housing and Urban Development regulating health, safety, energy and materials, have outlived their useful life. HB 5011 expands on a program funded in 2019 (HB 2896) to support homeowners who wish to replace their homes with new, energy efficient models.

HB 3218, Representative Marsh’s bill in the current session, makes key changes to HB 2896 (2019). The changes will allow the home replacement program to be used by wildfire survivors who lost their manufactured homes in last summer’s devastating fires. Given the scale of these home losses, we recommend increasing the Agency Budget for this program to \$20 million.

Preservation of existing publicly supported affordable housing and manufactured home communities is good public policy. Since 2007 OHCS has done an outstanding job preserving 317 at-risk properties including 28 manufactured housing communities. Preserved properties are located in 96 Oregon communities, with more than a third being in small towns with populations under 10,000, clearly demonstrating OHCS’s commitment to serving all parts of the state. We urge you to support \$100 for preservation funding in the OHCS Agency Budget Request and \$20 million each for the Manufactured Home Park Preservation and Manufactured Home Replacement programs.

Thank you for your consideration and for your service to the State of Oregon.

Sincerely,



Bill Van Vliet, Executive Director
Network for Oregon Affordable Housing



Rob Prasch, Preservation Director
Network for Oregon Affordable Housing