

## Senate Committee on Housing and Development

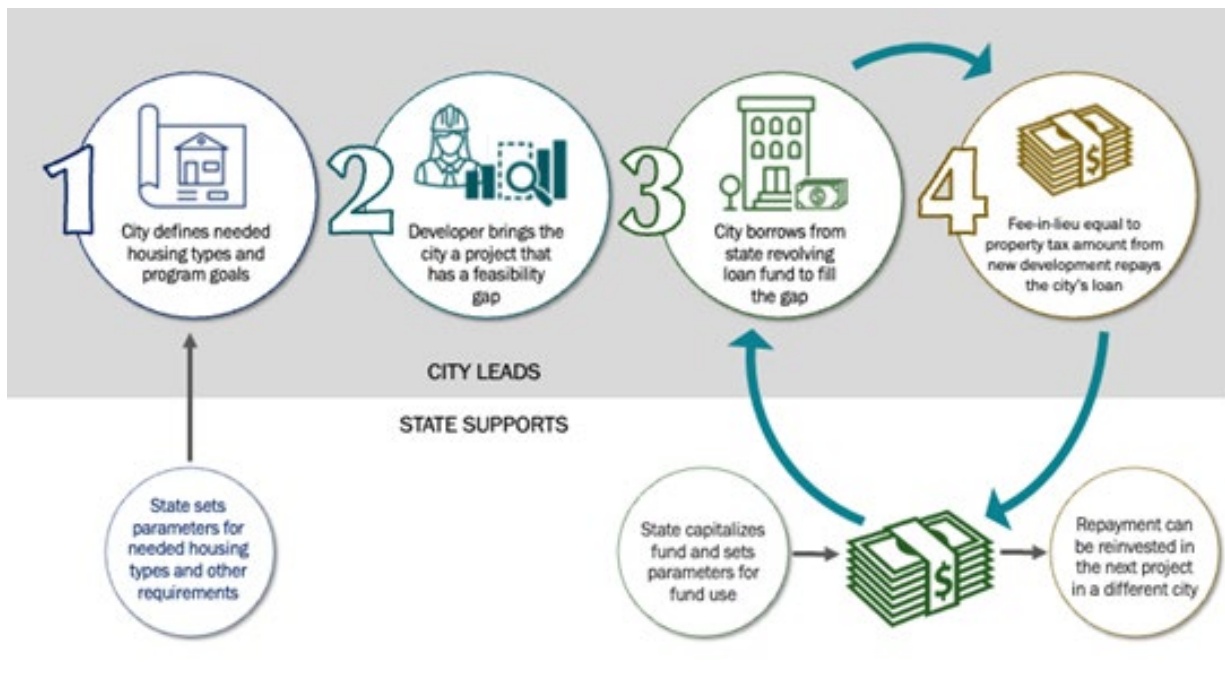
January 10, 2024

Testimony by Bill Van Vliet

Chair Jama, members of the Committee, my name is Bill Van Vliet, Executive Director of NOAH, the Network for Oregon Affordable Housing. NOAH is a statewide non-profit lender for affordable housing projects.

Although NOAH's focus has been on affordable housing, we have heard loud and clear that the lack of modest support for housing between 80-120% AMI is a major barrier to production. No matter how much we wish it were different, projects are simply not financially feasible.

LC 155 is an elegantly simple concept. It establishes a revolving loan fund that will provide modest support for these projects. The state fund will work hand in hand with local jurisdictions which will identify projects based on local priorities.



The following provides a basic outline of the process:

1. The state capitalizes a revolving loan fund at Oregon Housing and Community Services that local jurisdictions may borrow from to invest in housing projects.
2. Sponsoring jurisdictions elect to participate via ordinance or resolution.
3. Sponsoring jurisdictions identify needed housing and work with developers/builders to identify projects. Projects must meet basic state and local requirements and have an identified funding gap.
4. Sponsoring jurisdictions evaluate projects for approval. If approved, recommend approval to State—**OR**--jurisdictions may request OHCS to evaluate project on their behalf.
5. OHCS provides secondary review of local recommendation.
6. If approved, the sponsoring jurisdiction borrows from the fund and grants the funding to the project to close the identified funding gap.
7. Sponsoring jurisdiction exempts property taxes on the improvements and substitutes a fee in lieu equal to the exempted tax amount. This fee is used annually to repay the loan through property tax collections over approximately 10 years.
8. Loan repayments each year go back into the fund to be loaned again on new projects. When the loan is repaid, the fee in lieu of taxes is terminated and property taxes are reinstated.

There are several benefits to this model. It can be accessed by large or small jurisdictions and is equally useful for rural or urban projects. It can support large developments or very small projects.

It works equally well for rental or homeownership projects. Finally, this tool can be relatively quick to implement for infill projects that don't need to wait for installation of major infrastructure improvements.

I've spent nearly 30 years as an affordable housing advocate, and I applaud the Governor's strong budget proposals for affordable housing. I fully believe that we cannot solve our affordable housing crisis unless we also solve the greater housing shortage.

To be successful and reduce pressure in the markets, an aggressive production agenda must include modest support to build housing affordable to moderate income Oregonians.

Thank you.