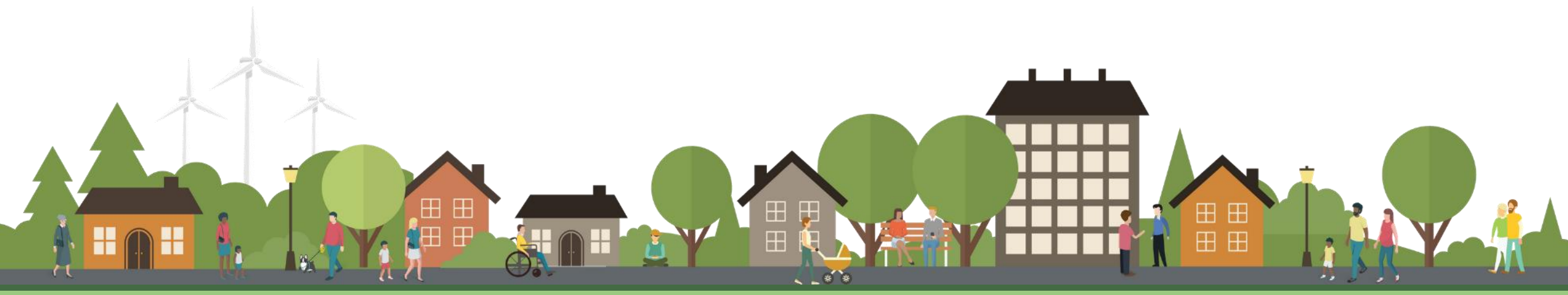




**OREGON HOUSING *and***  
**COMMUNITY SERVICES**

# Mixed-Income Report

Natasha Detweiler-Daby, Director of Affordable Rental Housing Division



# Purpose of Report

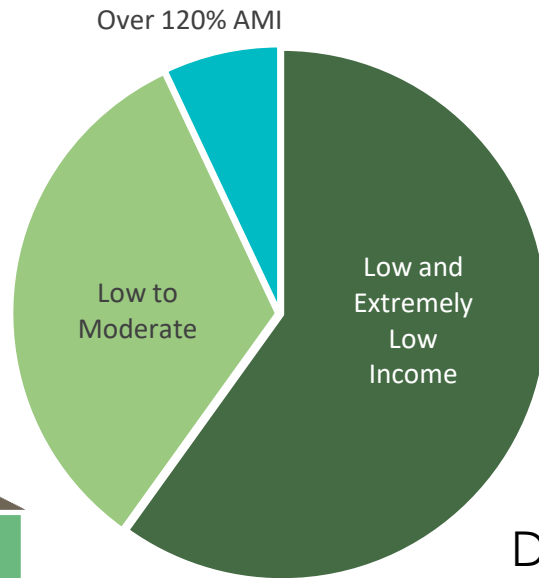
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[Senate Bill 684](#) (2025), Section 1 (2) directed OHCS to provide recommendations on how a **mixed-income housing revolving loan fund** may be structured and any necessary statutory authorization needed to create the fund.

# Housing Needs and Impacts

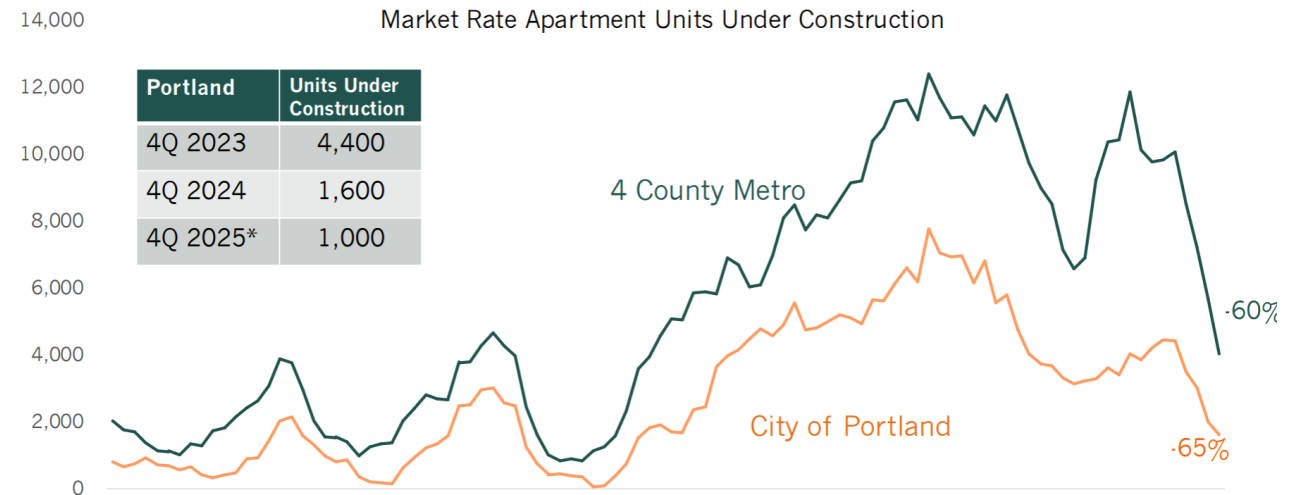
Need for housing at all AMIs:

OHNA Data on Underproduction



Persistent deficit in development of new units; continues to trend down

Fewest apartments under construction in PDX since 2011, still declining



Deficits in housing supply first impact households on low and very low incomes, worsening instability and making interventions more complex.

# OHCS Role in Housing Finance

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OHCS was established in ORS 456.550 in direct response to the shortage of private financing for development, which is in part responsible for the shortage of lower-income housing.

While prior markets had enough resources to build unregulated rental housing, gaps in financing persist and have resulted in less housing production, putting pressure on affordable subsidized housing.



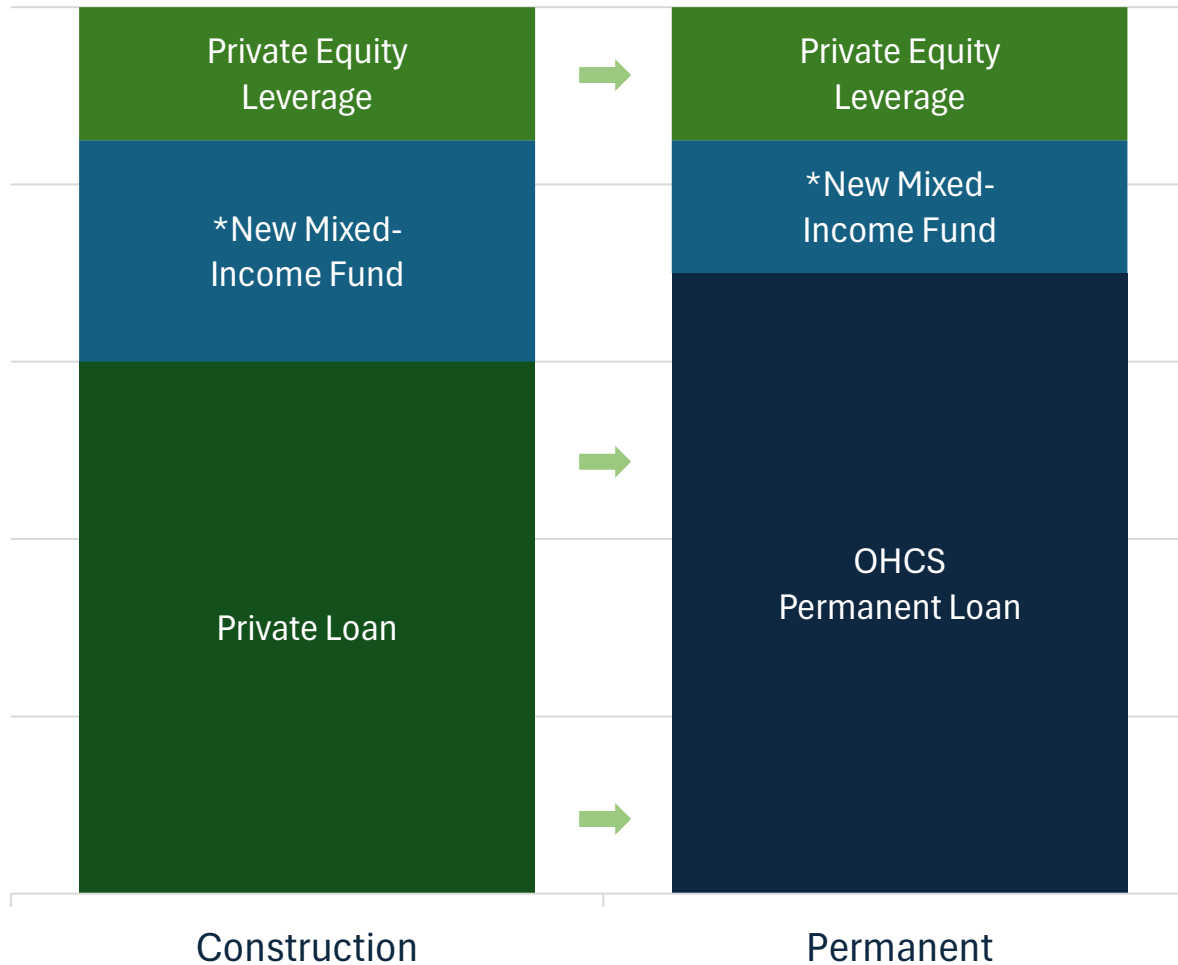
# State Interventions Can Catalyze Mixed-Income Housing

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- States developing intentional tools: focus on market projects that have not been able to access sufficient private lending to support development, as well as affordable projects without financing.
- Tools are designed to address the market deficits, which include:
  - Financing gaps that deter private investment.
  - Not enough financing from private lenders for construction.
  - Stagnant household income and rent revenue, which creates gaps for permanent financing even for market projects.

# How It Could Work

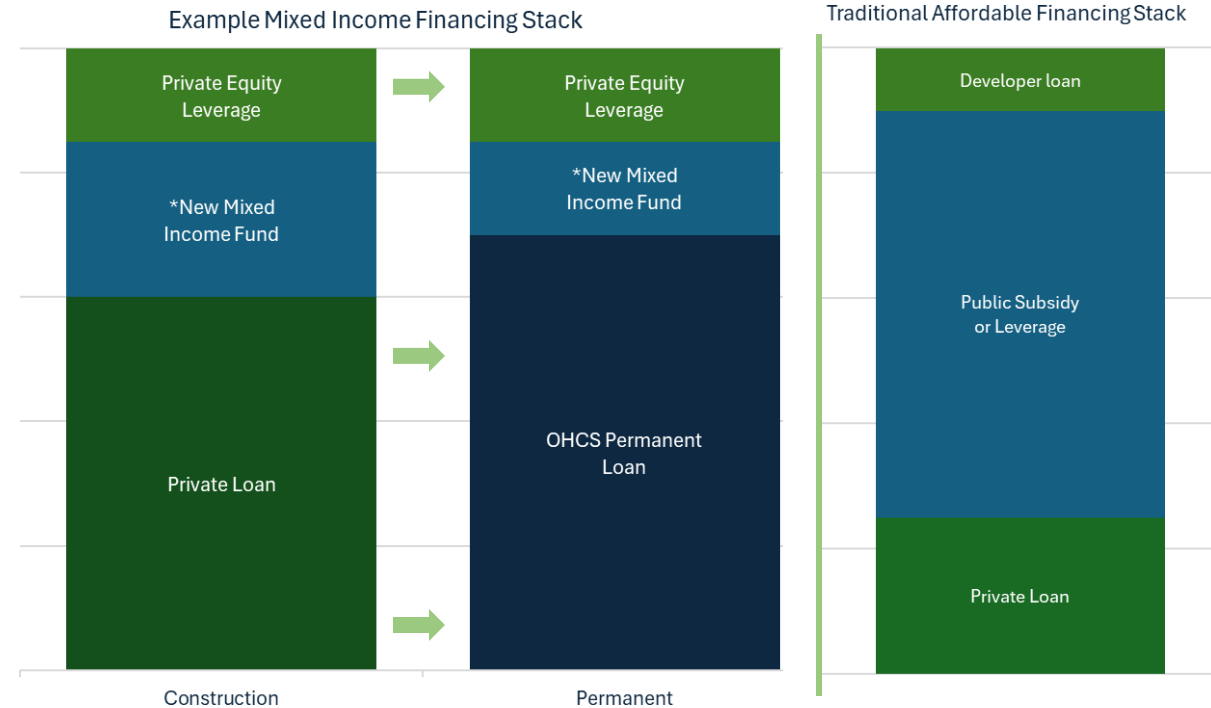
## Example of Mixed-Income Financing Stack



Loan Component	Details
Timing	Provide upfront financing resources at construction that can be used to fill gaps and may also support takeout through conversion.
Size	25%-30% of the total project costs, paired with permanent debt
Investment Duration	Five years through construction and allow through first 10 years of project operations to maximize impact
Period of Affordability	Align duration of affordability to the financing tools and not permanence.
Affordability Level	Requirements would be adopted in rule as tied to requirements of the permanent financing structures, with a percentage of the units required to serve households on low incomes.
Debt Structure	Allow for flexibility based on market conditions, including as primary or subordinate debt or as equity investment into a project venture fund.

# Potential for Impact

- Increases leverage of private debt
- Allows for expanded production
- Creates units for diverse incomes
- Opportunity to have affordable units without long-term reliance on subsidy
- AMI flexibility within properties



# Statutory Considerations

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1. Enable OHCS to finance whole projects.
2. Allow equity investment structure.
3. Create a mixed-income revolving fund.

# Appendix

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# Definitions

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“Mixed-income housing” means multifamily housing that includes housing units for both families of lower income (up to 80% of area median income (AMI)) and moderate income (up to 120% of AMI) in which all units are subject to an affordable housing covenant for a term of no less than 30 years.

“Revolving loan fund” refers to a mechanism that provides short-term, low-cost loans or equity investments to eligible housing projects; loan repayments or returns on investments are returned to the fund, allowing for ongoing reinvestment into new projects.



# Case Study: Michigan Housing Accelerator Fund

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- Pilot program
- Revolving loan structure that provides subordinate construction debt at interest rates typically between 1%-5%, which is later taken out by a bank or other mezzanine financing product after five years.
- Affordability requirements held for 10–15 years at 20% of the units for incomes at 50% of AMI or 40% of the units for incomes at 60% of AMI.
- No projects financed yet but anticipates that the program will primarily support larger projects.



# Case Study: Massachusetts BILD Program

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- BILD – Bringing Innovation to Lending and Development
- Provides upfront equity investment and permanent financing.
- Momentum Equity fund that can finance up to 25% of the equity.
- Projects are allowed to get permanent financing through the state's taxable permanent lending program.
- Affordability requirements: 20% of the units at 80% of AML.
- Financed 495 mixed-income rental homes to date.

# Engagement Results: Center for Public Enterprise

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- Mixed-income revolving loan funds function best as an additive resource for stalled market rate projects.
- Short-term, low-interest loans replace a portion of developer equity, reducing upfront capital costs and enabling limited affordability within mixed-income developments.
- Soliciting new projects is a possible route, if coordinated with public housing authorities, cities, and lenders.

# Engagement Results: Private Developers

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- Affordable rental housing developers are interested in mixed-income financing and expressed concerns about compliance and prevailing wage cost increases.
- Market rate developers acknowledge insufficient private financing available and a need for innovative tools, and expressed concerns about affordability restrictions, compliance, and prevailing wage cost increases.

# Engagement: Public Housing Authorities (PHAs)

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- Market constraints limit the feasibility of mixed-income development.
- Think the model is only feasible without paired permanent subsidy in high-demand markets where rental income from higher AMI can offset costs.
- Emphasized need for long-term equity; short-term loans are insufficient.

# Questions?

