

February 5, 2026

RE: Support for HB 4036

Dear Chair Marsh, Vice-Chairs Anderson and Breese-Iverson, and Members of the Committee,

I am writing on behalf of Innovative Housing to urge your support for affordable housing preservation and HB 4036. Oregon took an important first step in 2025 by investing \$50 million in preservation, but we funded less than 20% of what's needed.

Affordable housing in Oregon faces risk across several overlapping categories.

- **Expiring affordability:** Over the next ten years, 87 properties with nearly 3,000 units are at risk due to expiring federal project-based rental assistance. In addition, more than 100 properties with over 5,000 units face other affordability expirations, such as the end of tax credit or state affordability restrictions.
- **Serious physical capital needs:** OHCS has identified about 40 projects with roughly 2,300 units that have major capital needs threatening long-term viability and tenant health and safety.
- **Financial distress:** 273 properties statewide do not consistently generate enough revenue to meet basic debt obligations.

Innovative Housing has been struggling with financially distressed properties for the last 2-3 years. Vacancy, residents not paying rent, and much higher than anticipated operating expenses have put our portfolio at risk. IHI has been subsidizing property operations to keep the doors open, but this is not a sustainable solution. It is jeopardizing our ongoing viability as an organization. We were very grateful and fortunate to be able to apply for and be awarded Portfolio Stabilization Improvement funds in the program's first round. This critical resource will help us stabilize four properties and 210 affordable homes. There are many more properties that need this assistance. Without additional funding, we are going to lose affordable housing.

HB 4036 will allow \$100M in Article XI-Q bonds to be used for preservation. This will apply to projects that involve acquisition or substantial rehabilitation that requires a full refinance and allows the state to retain sufficient ownership and operational control.

Affordable housing preservation works and it is far more cost-effective to maintain our current affordable housing stock than it is to build new units to replace what we already have. Not only is it more cost effective to preserve than replace housing, but it is also much better for our current residents to maintain and preserve their existing homes.

Please support HB 4036. Thank you for your time and consideration.

Sincerely,

Sarah J. Stevenson

Executive Director
Innovative Housing, Inc.