



Testimony in Support of House Bill 2002
House Committee on Human Services and Housing

Speaker of the House Tina Kotek
March 18, 2019

Chair Keny-Guyer, members of the committee, thank you for the opportunity to testify in support of House Bill 2002 today.

Preserving existing affordable housing is a critical part of addressing our housing crisis. We certainly need more new supply overall and additional resources to construct affordable housing, but if we do not preserve existing affordable units, we will not be adequately meeting our state's affordable housing needs.

It is difficult to assess the exact number of affordable units that are at risk of conversion to market rate. But, in 2017, the Secretary of State's audit of the Oregon Housing and Community Services Department (OHCS) noted that 121 properties with 4,000 units have rental subsidies that expire over the next seven years. There are an additional 72 properties administered by the United States Department of Housing and Urban Development (HUD) with 2,200 rental units at risk of deterioration due to age. These properties cannot take on debt to be recapitalized and renovated.

We have a significant number of affordable housing units that need to be preserved over the next decade. If we do not invest in their preservation or have the tools we need to maximize our ability to preserve these units, we will lose ground in our fight to increase the number of subsidized affordable housing units available for Oregonians who need them.

In 2017, we passed the original House Bill 2002, which did three major things:

- 1) It defined publicly supported housing as housing with an affordability contract in exchange for local, state, or federal subsidies.
- 2) It required an owner to give the local government, state government, or an approved designee an opportunity to purchase publicly supported housing in order to preserve the property's affordability. This applied to housing that entered into an affordability contract on or after the effective date of the bill.
- 3) It required an owner to give the local government, state government, or an approved designee the right of first refusal to purchase publicly supported housing that entered into an affordability contract after the effective date of the bill. The government or designee would have to make a market rate offer to receive the right of first refusal.

The 2019 version of House Bill 2002 in front of you today expands upon those protections by doing four things:

- 1) It adjusts the timeline for notification required when an owner plans to terminate a properties affordability contract. This is an attempt to make the program easier to administer for OHCS and the owners of publicly supported housing who must provide notice. A representative from OHCS will present shortly and explain their suggested changes related to the notification timelines, which can be improved from the first draft.
- 2) It extends the period of time during which a qualified purchaser can exercise their right of first refusal. This ensures that if an owner of publicly supported housing terminates affordability and then decides to sell the property a few years later, they are still required to accept a market rate offer made by the state, a local government, or their designee for the purpose of ensuring that the units are affordable in the long-term.
- 3) It extends the right of first refusal to all publicly supported housing. HB 2002 (2017) only applied those provisions to publicly supported housing built on or after the effective date of the bill (October 6, 2017). The State of Massachusetts has required a right of first refusal for all subsidized affordable housing for many years, and it has helped them preserve more housing.
- 4) It appropriates \$25 million in lottery bonds to OHCS for the preservation of publicly supported housing. Over the past two biennia (2015-17 and 2017-19), the state has done \$30 million total in lottery bonds for preservation.

Thank you for your attention to this important issue.