



March 23, 2019

Joint Ways & Means Subcommittee on Transportation and Economic Development

Subject: SB 5512 Support

Dear Co-Chairs Sen Manning and Rep. Gomberg and members of the committee,

The purpose of this letter is to urge your support for SB 5512, the agency budget for Oregon Housing and Community Services Department (OHCS).

The Network for Oregon Affordable Housing (NOAH) is a statewide non-profit lender that finances affordable housing projects in Oregon. We operate in all parts of the State and work closely with OHCS and affordable housing developers to help create and preserve affordable housing in Oregon. We also work on important policy matters related to affordable housing and community development.

NOAH is very supportive of increased investments in housing opportunity through building new affordable housing and continued preservation of existing affordable housing. All of the POPs represent important opportunities, but I'd like to particularly express support for two of the POPs in the agency budget, the proposed \$15 million for the Attainable Rental Market Acquisition Fund and the proposed increase in staffing capacity at the agency.

Attainable Rental Market Acquisition Fund: The Acquisition Fund will provide important resources for a segment of affordable housing that is unregulated and at risk of conversion to higher cost housing. This market segment provides housing that is affordable because it is older and less desirable than newer apartments. These apartments are often well located and have become extremely attractive to profit-motivated investors, who purchase the buildings, make minor renovations and aggressively raise rents. This phenomena is happening both in Oregon and nationwide, and many large investment funds have been formed to specifically target this housing stock because of strong rent growth potential. The rent growth has resulted in displacement of lower income households from their homes and increased rent burdens for those who remain.

Currently, OHCS does not have resources to address this at-risk source of affordable housing. An allocation for this purpose can serve to attract private and philanthropic investments to a fund to acquire these projects, generating considerable leverage from a state investment. The new fund will acquire this type of low-cost market rate housing and impose restrictions on rent increases. Over the long run, the new mission-oriented owners will preserve the long-term affordability of these homes in our communities.



I have had the privilege of serving on several policy work groups hosted by local jurisdictions and each group expressed concern about the loss of this stock of affordable housing. One very thorough market study conducted to support a new housing policy clearly identified many local apartment buildings that had recently sold and then increased rents. This fund can help support the preservation of a cost-effective segment of our affordable housing stock.

Adequate Staffing: OHCS and affordable housing developers are dependent upon each other for success. With the statewide housing crisis and the steady growth in housing resources in response, it is critical that OHCS have the human capital necessary to efficiently and professionally administer its programs. OHCS has done an admirable job deploying resources and establishing policies to respond to the housing needs of Oregon, but the workload is unsustainable and creates risk that programs and projects could suffer delays at a time when Oregon desperately needs more homes for low income households.

Please support the OHCS budget, and in particular please consider supporting these two policy option packages.

Sincerely,

William A. Van Vliet

Bill Van Vliet
Executive Director