



April 19, 2019

Joint Ways & Means Subcommittee on Capital Construction

***Subject: HB 5030 Support for \$15 Million to OHCS Housing Acquisition Fund***

Dear Co-Chairs Sen. Girod and Rep. Holvey and members of the committee,

The purpose of this letter is to urge your support for allocating \$15 million as included in HB 5030 to Oregon Housing and Community Services Department (OHCS) for the Housing Acquisition Fund.

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. A number of the proposals from Governor Brown related to affordable housing represent important opportunities, but I'd like to particularly express support for the proposed \$15 million for the Attainable Rental Market Acquisition Fund.

The proposed Acquisition Fund will provide an important resource to preserve low cost market rate housing and has become a target by investors for 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 profit-minded investment funds 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. Funding for this purpose should attract private and philanthropic investments into a fund to acquire these projects, generating considerable leverage from an initial state investment. Working with mission-oriented development partners, the new OHCS fund will acquire these low-cost market rate apartments and will preserve the long-term affordability of these homes in our communities.



For the past ten years, NOAH has operated the Oregon Housing Acquisition Fund, a short-term acquisition fund designed to provide affordable housing developers with resources to respond quickly to purchase opportunities. NOAH's fund blends private, public and philanthropic investments in one place creating an affordable acquisition resource and demonstrates that a blended acquisition fund is an essential and powerful resource to successfully preserve affordable housing.

Like the proposed fund, the strength of NOAH's fund has been that it provides most of the necessary capital for acquisitions in one source. This feature has proven crucial since most affordable housing developers lack the capital base and liquidity to fund the down payments traditional financing requires. There is no comparable Oregon fund for long-term acquisitions such as the one proposed in this bill. By blending various low-cost capital resources into one fund, we can help our mission-based partners purchase and preserve the affordability of these unregulated homes with minimal additional public subsidies.

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 inform a new local housing policy identified many local apartment buildings that had recently sold and then dramatically increased rents. The proposed Acquisition Fund can help support the cost-effective preservation of these affordable homes.

Nearly every community I've visited in the last few years has raised concerns about this "naturally occurring" affordable housing. These homes house our workforce and are essential to our communities and local economies. I was in Central Oregon earlier this week, and in each of my meetings concerns about workforce housing were raised. In addition to developing new workforce housing, we need to preserve what we have. This fund will be an effective tool to support our local communities and house our workforce.

Please support this proposal for the OHCS Housing Acquisition Fund.

Sincerely,

A handwritten signature in blue ink that reads "Bill Van Vliet".

Bill Van Vliet  
Executive Director