



**February 20, 2020**

**House Committee on Rules**

Oregon Legislature  
900 Court Street NE  
Salem, OR 97301

**Dear Chair Holvey, Vice Chairs Drazan and Smith Warner and Members of the Committee:**

As Chief Executive Officer of Hacienda CDC, I come to you today to express our strong support for HB 4015 – 9, providing grants for the “ADU Community Pilot Program” to increase the supply of affordable rental housing and to create replicable implementation of an ADU demonstration project.

Hacienda is the lead project developer for the *Small Homes Northwest (SHNW)* affordable small homes demonstration project. We are working collaboratively with Portland Community Reinvestment Inc. (PCRI), Verde and ROSE Community Development in rapidly changing neighborhoods in Portland, home to low-income households and communities of color.

We're sponsoring this demonstration project because we see a tremendous opportunity to create an innovative new tool to increase stability of modest income homeowners and increase access to affordable rental housing that is replicable in communities across Oregon.

SHNW will:

- Support family stability - homeowners retain homes and build assets.
- Advance goals of reducing the racial wealth gap by prioritizing modest additional income for communities of color and low-income communities.
- Support Aging in Place and intergenerational living for our communities.
- Create new affordable rental housing in our community.
- Generate economic opportunities through construction and entrepreneurship.

We will work with homeowners whose household income does not exceed 100% of area median income to:

- Assess the suitability of their property for siting an ADU (1 or 2 BR)
- Connect with lenders who are offering innovative ADU loan products (Craft 3, Consolidated Community Credit Union, Umpqua Bank).
- Finalize site plans integrating their choice of optional design details.
- Provide professional construction management and support the DBE contractor utilization and workforce opportunity goals of the project.
- Provide Fair Housing Training and assist with matching a renter household whose income does not exceed 60% of area median income with the new rental home opportunity.
- Provide professional property management, collect rents, make the loan payment and pay other expenses – from the proceeds of the affordable rent for the duration of the affordability period.

We agree with the legislature that more housing opportunities are needed in single-family zones, in cities statewide. That is why we supported HB 2001 in 2019. Adding modest residential density in single-family neighborhoods helps address our housing crisis, and is also smart climate policy.



In order for these new housing opportunities to be available to low-income households, we need viable, replicable models for building affordable infill housing. This demonstration project will help communities realize the true potential of HB 2001, creating not only more housing options, but options that are more equitable, affordable and accessible to households of color and low-income renters statewide.

The **SHNW Financial Model (handout)** details this arrangement and how it can be adapted to work in communities across Oregon. My colleagues here today can respond to any questions you may have.

You also have the **SHNW Development Budget (handout)** showing Sources and Uses for the demonstration project for our planning year in 2019 and implementation in 2020. You will see that we have fully funded the implementation costs of the project and are prepared to proceed upon securing the affordability subsidy for the demonstration projects.

Beyond the demonstration projects made possible by HB 4015 – 9 funding, Hacienda and other partners will report to Oregon Housing and Community Services and other affordable housing funders on the ADU Community Pilot Programs, to look for ways to expand the opportunities to replicate the affordable ADU model.

I want to thank the committee for your consideration of HB 4015 – 9, making possible demonstration of an innovative and replicable model to assist low income homeowners to stay in their homes and increase the supply of affordable rental housing.

**Thank you for your time, we are happy to answer any questions.**

**Sincerely,**



**Ernesto Fonseca, PhD**  
Chief Executive Officer  
Hacienda CDC