

SMALL HOMES NORTHWEST - AFFORDABLE ADU DEMONSTRATION PROJECT

BACKGROUND

Communities large and small across Oregon are in desperate need of affordable housing innovation. The Small Homes Northwest (SHNW) demonstration project seeks to add an affordable housing tool to help communities implementing **HB 2001** realize its true potential of creating more equitable housing opportunities affordable and accessible to households of color and low-income renters.

People's willingness to "share" their space to create affordable housing is a game-changing innovation in the housing industry. By developing a replicable model for an affordable accessory dwelling unit (ADU) that controls costs and manages risk for homeowners, we create the potential to add hundreds of units in urban, suburban, rural, and frontier communities across our state.

The primary components of the SHNW model are 1) cost-controlled flexible design, 2) a modest homeowner loan serviced by the rental income, 3) subsidy securing an extended rental affordability period adapted to local needs and regulations, and 4) services to support the homeowner. By partnering with modest income homeowners and community-based organizations, this effective and innovative approach creates new rental homes at a fraction of the typical cost of new multifamily units *and* income and assets for the homeowner. SHNW complements urgent statewide efforts to build and preserve multifamily housing and increase stable homeownership. The SHNW model is particularly responsive to needs identified by BIPOC communities for multi-generational housing and asset building through entrepreneurship.

NEED

Currently, affordable housing funding, at the state or local level, is not being utilized for affordable ADU's that support home retention and asset building *and* create affordable rental homes. Public funders are interested in and supportive of the development of the model, acknowledging the cost efficiency of a subsidy that is significantly lower than current levels allocated to create and preserve affordable multifamily development. The SHNW pilot project helps make the case for a permanent source of funding to build affordable ADU's.

SOLUTION

In 2020 Hacienda CDC, working with metro-area partners Portland Community Reinvestment Initiatives (PCRI), ROSE CDC, and Verde, shared the SHNW model with partners around the state. Housing organizations from Redmond to Springfield to the North Coast, and the Housing Alliance, all endorsed the model as needed and replicable in communities they serve and joined efforts to secure legislative funding for a pilot project, via HB 4015.

When the 2020 legislative session ended without passage of HB 4015, followed shortly by COVID 19 shutdowns and its impacts, demonstration of the SHNW model was paused. Now, Hacienda is again leading efforts, endorsed by the Housing Alliance, to secure funding for the affordability subsidy to complete the pilot project and create assurance for public funders that this is a viable, equitable, and efficient use of affordable housing funding.

HB 3335 seeks authorization for a one-time grant of \$1,000,000 to Hacienda CDC that will support the creation of 10 new rental homes, up to five in metro Portland and five with community organizations outside the metro area.



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