

February 1, 2023

Representative Maxine Dexter
Chair, House Housing and Homelessness Committee
900 Court St NE, H-283
Salem, OR 97301

Regarding HB 3042 – Protections for residents when affordable housing owners exit from subsidy contracts

Chair Dexter, Co-Vice Chair Gamba, Co-Vice Chair Helfrich, and Members of the Committee:

Since 2020, use restrictions in the form of “qualifying contracts” on 15 affordable housing properties with 941 units have expired – demonstrating a loss of housing opportunity for people with limited incomes, a loss of inventory of affordable housing, and a loss of public investment.

During the next 10 years, use agreement and subsidy contract expirations will occur with increasing frequency. Approximately 160 properties with 7,500 units will “expire” leaving residents a risk of homelessness due to rent increases, further loss affordable housing inventory, and expensive loss of public investment.

This is occurring nationally as reported on by Local Initiatives Support Corporation (LISC), a nonprofit community development financial institution. LISC is pressing Congress and state housing officials to address the troubling effects of qualifying contracts, which reduce the amount of rental housing that is available to families with lower incomes.

“As a country, we can’t afford to let that continue,” write LISC’s Matt Josephs and Michael Skrebutenas, in a new commentary on the issue, January 25, 2023: <https://www.lisc.org/our-stories/story/affordable-housing-loss-grows-as-qualified-contracts-sap-thousands-of-housing-credit-units/> “We can’t afford to subsidize affordable housing development for public good only to watch it slip away for private windfall.”

Here in Oregon, we need more tools to help preserve affordable housing. Residents of expiring publicly supported housing deserve to be notified of the changes in their housing situation when contracts are expiring.

HB 3042 will:

- Align the tenant notice requirement timeline with the current 30-month notice provided to the state and local government
- Make the Notice to tenants passed in 2021, effective on passage of the 2023 bill
- Require owners to inform all prospective tenants of the pending expiration prior to signing a lease or charging application-screening fees
- Establish a three-year safe harbor period applicable to all withdrawing publicly supported housing. The safe harbor provision would protect residents from large increases during the transition to market rents
- Require OHCS to monitor and enforce the three-year safe harbor period
- Add penalties for noncompliance of notice requirements and violations of the safe harbor period rent limits

As Oregon strives to build our way out of the shortage of affordable housing, we must do all we can to preserve the affordable rental homes we already have. The loss of existing publicly supported housing destabilizes our communities and impacts our most vulnerable low-income families, seniors, Veterans, and people living with disabilities.

I urge your support of HB 3042.

Sincerely,

A handwritten signature in blue ink that reads "Trell Anderson". The signature is written in a cursive, flowing style.

Trell Anderson
Executive Director