

Submitter: thomas cody

On Behalf Of:

Committee: House Committee On Housing and Homelessness

Measure: HB2980

Good morning. We are all aware (although we can argue it takes too long and costs too much) that a system and resources exist for Affordable Housing. And historically, that is where public resources have been focused – units affordable to people making 60% AMI and below and more recently targeting 30% AMI and below. The open market, although less so in rural areas, handles market rate housing – generally, housing affordable to those making 120% AMI and above. The missing middle, housing affordable to those in the 60-120 AMI income band, is a glaring opportunity for the State to step in and incentivize production. These middle-income folks are the heartbeat of our Oregon economy. They are health care workers, construction workers, service-industry workers, child-care providers, and teachers. Without State involvement, our housing supply will continue to fall into one of 2 categories: Affordable Housing for low and very low-income people, and housing focused on wealthy people in wealthy communities.

The good news is, providing supply at these workforce income levels leverages more private investment and requires less public investment on a per unit basis. Whereas an Affordable unit (say in Portland), through the traditional system and funding, costs more than \$500,000/unit and requires gap funding up to \$150,000 per unit, a workforce unit costs \$250,000-\$350,000/unit depending on the typology (low-rise or mid-rise) and gap funding of \$25,000/unit. Less complex to finance, middle-income units can also be delivered faster. A loan fund for land acquisition, pre-development costs, infrastructure, and site preparation and will accelerate production in the missing middle segment.

My Company, project^, an Oregon-based real estate development and investment company, has been working on missing-middle sites in Bend, Medford (for wildfire relief) and in East Portland. And we have studied the landscape carefully to determine why housing costs so much, takes so long, and also why modular housing has never successfully scaled. Based on this research, we have developed a scalable modular housing program that we are beginning to implement. Our target is to scale this endeavor to produce 2,500/units per year in Oregon within 5 years. We own, and are currently permitting, our first phase of sites: 2 acres in Bend, 7.5 acres in Medford, and 5 acres in East Portland.

Development of each of these sites is risky, complex, and capital intensive and therefore does not pencil for a builder. Especially in the early stages. As a result, builders are forced to specific markets at high-end prices. HB 2980 provides an incentive to take on this complexity and risk. And will also welcome a more diverse

group of builders, at varying scales and geographies, to help us address our supply crisis. Best of all, the resources allocated to HB 2980 will be continually replenished and redeployed – an evergreen approach leveraging public loan funds into much greater private investment.