



March 2, 2023

Joint Committee On Ways and Means  
Subcommittee On Transportation and Economic Development  
900 Court Street NE  
Salem OR 97301-4047

Dear Co-Chair Woods, Co-Chair Gomberg, and members of the Committee:

*Subject:* SB 5511 - OHCS Agency Budget Request for \$118 million for preservation

The Network for Oregon Affordable Housing (NOAH) is a statewide non-profit community development financial institution that finances affordable housing projects in Oregon. We finance affordable multifamily rental properties and manufactured home parks across the state, and work closely with OHCS and affordable housing developers to create and preserve affordable housing. We also advocate on affordable housing and community development policies and best practices. Since 2007 we have facilitated the Oregon Housing Preservation Project, a collaborative effort seeking to preserve Oregon's privately owned federally subsidized properties and public housing projects that are at risk of loss.

I am writing to express NOAH's support for the historic investments in housing opportunity in the Oregon Housing and Community Services Request Agency Budget. Each of the Policy Option Packages (POP) in the OHCS Agency Budget Request represent important opportunities to create new affordable housing and preserve existing projects. I would like to express very strong support for the Department's request for \$118 million in lottery bond funds which will provide preservation gap financing resources, (POP 107). Governor Kotek's proposed budget also includes a \$118 million request for preservation funds.

As you well know, in response to our unprecedented affordable housing emergency, Oregon has dedicated hundreds of millions of dollars in new resources to create much needed affordable housing in communities across the state. These historic investments have created thousands of new affordable units, but we know it will take many years of sustained investments to build enough new affordable rental homes to address our current shortage. In the meantime, we must do all we can to preserve our existing publicly supported housing and safeguard the original state and federal investments made to create these valuable community resources.

Today, much of our place-based publicly supported housing is at risk due to the threat of conversion to market rate rentals, expiration of subsidies and/or use restrictions, or failure due to accumulated capital needs. Over the next 10 years, use restrictions and subsidy contracts will expire on 163 affordable housing properties, with over 7,600 rental homes. Many of these properties can be preserved, provided there are resources available.

Each year federal rental assistance programs through HUD and USDA Rural Development provide affordable homes to tens of thousands of Oregonians with extremely low incomes, including thousands of households headed by seniors and people with disabilities. HUD's project-based Section 8 and public housing programs, and the Rural Development Section 521 Rental Assistance program, are place-based rental assistance

programs that last year, brought an estimated \$152 million to our state. Nearly 20,000 Oregon households rely on these programs to provide safe, decent, affordable rental homes. We must prioritize preservation of these assets and their federal subsidy contracts.

Since the Low Income Housing Tax Credit (LIHTC) program was created in 1986, Oregon has approved more than 725 properties with over 53,000 rental homes serving lower income households. Many of these properties are showing wear and tear after 30 years of service and need to be recapitalized to remain viable. Dozens of these properties have urgent capital needs which will only grow with the passing of additional time. Beginning in 2021, LIHTC properties began to mature and to date, 10 LIHTC properties with 854 affordable homes have exited the affordable housing portfolio. Some of these have converted to market, while some may yet be preserved.

In addition to the expiring publicly supported housing projects, there are over 150 projects with 6,700 subsidized units with planned preservation transactions that will require gap financing resources. The gap financing needed to preserve these properties is estimated at over \$400 million. We can preserve at-risk properties through sales to preservation-focused developers and recapitalizations, provided adequate gap financing resources are available. That's why we ask the Subcommittee to support the Oregon Housing budget request for \$118 million in preservation funding.

Preserving Oregon's manufactured housing communities is also sound policy. Statewide, there are approximately 1,100 manufactured housing parks with 62,500 spaces representing a significant portion of the affordable housing stock available to low and fixed-income Oregonians. Preserving manufactured housing communities through sales to mission-based nonprofit owners or conversion to resident ownership are effective strategies for preserving this unsubsidized affordable housing stock.

For years OHCS has prioritized preservation of aging publicly supported housing and manufactured housing communities, preserving well over 300 properties since 2007, including 34 manufactured housing communities. Around one third of the preserved properties are located in small towns with populations under 10,000. Preservation has proven to be good public policy as nearly \$2.1 billion dollars in private capital has been leveraged by the state's investments, and \$1.7 billion in long-term contract federal rental assistance contracts have been secured for the future. Oregon must continue to invest in preservation as we know many thousands of affordable rental homes continue to be at risk.

Respectfully submitted,



Rob Prasch, Preservation Director  
Network for Oregon Affordable Housing