

Submitter: Molly McGrew
On Behalf Of: Multifamily NW
Committee: Senate Committee On Housing and Development
Measure: HB3042

Dear Chair Jama,

My client has a mutually beneficial goal to your own: we want to see people housed. The premise of the bill was to address the time delay gap in notifications to tenants of affordable housing. However, what is proposed in HB 3042A goes beyond notifications and does real harm to housing providers. Sustainable policies are built on a mutually shared goal, that seeks to minimize harm to multiple parties. In this case, a housing preservation policy that achieves the underlying goal of preserving affordable housing while incentivizing the ongoing repair and maintenance of that housing, without penalties. From our perspective, HB 3042 as written, will do the following:

- It would give developers serious pause to developing affordable housing with the new stipulated three-year requirement.
- It will accelerate private owners of affordable housing to sell.
- Why bother to preserve affordable housing when the bill puts in place a rent cap lower than what is allowed in statute for non-affordable properties, especially since this goes into effect after the subsidy expiration.
- It prevents the opportunity for private investment to be leveraged to extend to affordable housing preservation and gives serious pause to private investment in the overall development of housing. How will HB 3042 increase any housing supply with the requirements outlined in the legislation?
- At its worst point, it's a taking of private property should notifications not be provided by the housing provider to the tenants in the time required within the legislation.

Below are the issues that we seek redress:

1). HB 3042 mandates a rent cap requirement below what is currently allowed in statute for non-tax credit housing, for three years, without a reasonable incentive provided to the owner of the previously affordable property to maintain that housing. Can you imagine the property tax bill on a 30-year-old deferred property? How would that owner be able to cover the cost of that tax bill with rents remaining at the same level for three years after they purchased it? There needs to be a substantial financial offset to cover those costs, otherwise you are setting the owners up for potential financial failure. 2). Existing law requires the owner, prior to selling the property, to already notify OHCS of their intentions (HB 2003 (2019) requirements). Instead of requiring the housing provider to provide notice to the tenant, as is suggested in HB 3042, we think it's prudent for OHCS, upon notification from the owner, to notify the community action agency partners in the area. The goal would be to engage those partners to provide outreach to tenants in that community, and to get those tenants on waitlists for additional supports. The rational is that should tenants need additional vouchers, or other supports, it's a far better approach to having OHCS community

partners begin that process than the housing provider. The housing provider should not be in the middle of the notifications of changing ownership of expiration of affordable housing. 3). Consider substantially increasing the overall cash incentives to provide purchasing expired affordable housing and find additional tax incentives that allow time for refinancing the affordable housing for up to three years after the termination of the tax credit housing. Why should the owner be without the capital necessary to meet payroll, taxes, insurance, repairs, and maintenance requirements while the state or nonprofit is working towards a refinance? While I recognize that other legislation, such as HB 2653, are offered as an offset to the requirements in this legislation, they are not clearly tied together and one without the other presents the opportunity for bad policy to move forward. Protecting both tenants and providers should be the shared goal. HB 3042 does not achieve that objective and sets precedence that would unravel efforts for the state to provide additional housing.