



February 15, 2024

Senator Fred Girod, Co-Chair
Senator Paul Holvey, Co-Chair
Joint Committee on Ways and Means Subcommittee on Capital Construction
900 Court St NE, Room H-178
Salem, OR 97301

Re: HB 5201

Dear Co-Chair Girod, Co-Chair Holvey, and Members of the Subcommittee:

The Network for Oregon Affordable Housing (NOAH) is a statewide non-profit community development financial institution that finances affordable housing. NOAH finances affordable multifamily rental properties in communities across the state and works closely with Oregon Housing and Community Services Department (OHCS), and affordable housing developers, to create and preserve affordable housing in Oregon. Since 2007, NOAH has facilitated the Oregon Housing Preservation Project (OHPP) which together with partners, has preserved over 20,000 units of publicly supported housing and 37 manufactured home parks owned by resident cooperatives and mission focused nonprofits.

\$30 million to preserve existing affordable housing

As NOAH's Preservation Director and facilitator of the OHPP, I am writing to urge the Subcommittee to support the Oregon Housing Alliance request of \$30 million for preservation of at-risk affordable rental housing and manufactured home parks.

Preservation is good, public policy. Preserving existing homes costs around 50%-60% of the cost to build new units. As we strive to build our way out of our deep and troubling housing shortage, we should do all we can to maintain Oregon's existing affordable rental housing stock. As with all critical infrastructure, this requires periodic reinvestment to maintain safe, stable, and affordable homes over the long term.

Affordable rental properties with thousands of units are at risk of loss due to subsidy contract expirations, conversion to market rate housing or because of significant physical needs resulting from their age which threaten the viability of their continued operation. We can preserve these at-risk properties through sales to preservation-focused developers and project recapitalizations, provided adequate gap financing resources are available. And, with adequate public funding, additional manufactured home parks can be acquired and permanently preserved, offering peace of mind and affordable homeownership opportunities for their residents.

The need for preservation resources continues to increase as Oregon's portfolio of Publicly Supported Housing grows and ages. OHCS recently estimated \$200 million per biennium is needed if they are to be good stewards of our existing affordable housing. OHCS included \$175 million for preservation in their initial Agency Request Budget for the 2023-25 biennium. In the 2023 session, the Legislature allocated \$50 million - \$125 million less than the estimated need.

\$30 million to preserve existing affordable housing in 2024

The demand for public resources for preservation is great as the affordable housing portfolio ages and use restrictions end on properties across the state. Recent OHCS competitive funding rounds for preservation funds have been significantly oversubscribed leaving unsuccessful projects in need of tens of millions in public resources to support their planned preservation transactions.

There are literally dozens of planned preservations transactions across the state seeking public resources. These include properties with expiring federal rental assistance contracts, rent restricted properties with expiring use restrictions, and aging public housing and rent regulated properties with extensive capital needs that may soon impact their ability to continue operating.

Residents of for-sale manufactured home parks continue to form cooperatives and present purchase offers to sellers with the hope of preserving their homes. Unfortunately, OHCS doesn't have the resources required to support those transactions, so these residents will continue to live with the fear of displacement should their community sell to an investor planning to raise lot rents in order to maximize the return on their investment.

While far short of the need, a \$30 million investment in 2024 will support the preservation of some 400 affordable rental homes. The Housing Alliance request is scalable as OHCS will be able to deploy any funds awarded within the next year.

Subcommittee members, we need to preserve Oregon's at-risk community assets including existing affordable housing and manufactured home parks. I hope you will consider including \$30 million for preservation in the 2024 funding bills.

Thank you for your consideration and for your service to Oregon.

Sincerely,



Rob Prasch, Preservation Director
Network for Oregon Affordable Housing