

February 16, 2024

Related to HB 5201 or HB 5202

Chairs Girod and Holvey and Members of the Capitol Construction Committee,

Homes for Good Housing Agency, Head Start of Lane County and Early Childhood CARES have formed a partnership to develop an innovative model for housing that will co-locate 81 units of new affordable housing with a six-classroom early learning center to address the need for affordable housing and affordable childcare in our community. A mix of one, two, and three-bedroom units will accommodate households large and small. The development will consist of two four-story buildings centered around community green space and ample parking for residents. A community survey has resulted in the naming of this development as Ollie Court.

Specifically we are requesting \$1.5m from HB 5201 or 5202 for the 6 classroom early learning center.

Most recent cost estimates indicate a funding gap of \$1.5m to complete the funding for the early learning center. The great majority of the gap is due to elevated interest rates and lower tax credit pricing than was anticipated in last year's projections. Additional cost drivers include mechanical and electrical systems that need to be more robust than initially anticipated, a need for steel support beams because of the width of classrooms, and more extensive foundation work due to soil conditions unique to the site.

This project is scheduled for financial closing in June 2024 and subsequent groundbreaking in July 2024. Homes for Good is committed to meeting these deadlines, but resolving the funding gap would remove financial uncertainty for the early learning partners to sustainably operate in the early learning center.

We have secured over 97% of the total project costs (\$48.5m) by leveraging many funding - resources leaving just a \$1.5m gap for the early learning center

This project is an innovative model of co- location of affordable housing and early learning which are- both high priorities for our state and local communities. Our city, county and local partners are hugely supportive and helping in all ways they can.

We are so close to breaking ground on this long anticipated project and we KNOW for certain that if we secure this last \$1.5m of funding we can sustain the early learning center operations long into the future!

If you have any questions contact: Judy Newman- jrtn@uoregon.edu, Charleen Strauch-cstrauch@hsolc.org, Matt Salazar - msalazar@homesforgood.org

This chart shows the full scope of the funding for the Ollie Court Affordable Housing and Early Learning Project:

Ollie Court Project Budget					
Financing Sources			Estimated Project Cost		
	Residential	ELC		Residential	ELC
Housing Tax Credits	\$14,109,491		Construction	\$29,724,169	\$5,521,553
LIFT Grant	\$11,254,000		Development	\$8,406,259	\$446,505
City Fee Assistance	\$735,000		Financing Costs	\$2,078,355	\$45,750
City HOME	\$2,225,341		Contingency	\$1,951,823	\$386,192
EWEB Contributions	\$56,240				
HFG Contributions	\$2,930,534				
Permanent Loan	\$10,850,000				
Lottery Bond Funds		\$4,900,000			
Need		\$1,500,000			
Total	\$42,160,606	\$6,400,000	Total	\$42,160,606	\$6,400,000
Combined Total	\$48,560,606		Combined Total	\$48,560,606	

In previous budgets, a portion of Early Learning Sources was shown as a permanent loan. Further financial analysis has shown that the previously shown loan amount is unsustainable to be covered by commercial rent paid by the early learning center operators. Covering this gap would result in greater financial certainty for those partners and for the success of the operations of the early learning center.