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March 12, 2025

To: Senate Committee on Housing and Development

Re: Testimony in support of SB 684

Dear Chair Pham, Vice-Chair Anderson, and members of the Committee,

Northwest Housing Alternatives (NHA) is a 40-year-old nonprofit, mission-oriented, community-based housing organization with a portfolio of 2,600 affordable homes. On behalf of the families, seniors, veterans, and people living with disabilities who live in NHA's housing, we support SB 684 to establish a mixed-income Construction Revolving Loan Fund in Oregon.

Oregon faces one of the worst housing shortages in the nation, with an estimated 500,000 new homes needed over the next decade to meet demand. Yet, the vast oversubscription of existing public funding sources for rent restricted development, combined with funding gaps caused by high interest rates and lack of trade labor, is leaving shovel-ready projects stalled or abandoned and worsening the housing crisis. We need more tools than just LIFT and Federal Low Income Housing Tax Credits to move the needle on housing development.

SB 684 would establish a new revolving fund to provide subordinate debt at below-market interest rates to affordable and mixed-income housing developments. SB 684 builds on municipal and state revolving funds in places including Colorado, Michigan, Massachusetts, Maryland, Georgia, and Illinois that have experienced success in generating new mixed income public development.

A low-interest Construction Revolving Loan lowers the cost of individual housing projects and makes more public resources available to support housing development. For example, recent NHA projects saw weekly construction interest reach \$70,000 - \$120,000 (depending on applicable rates). Even a modest rate reduction would yield tens of thousands of dollars in monthly cost savings, which is significant enough to reignite projects stalled due to funding gaps. Furthermore, in the revolving loan structure, repaid funds plus interest are reinvested into a pipeline of housing development, thus ensuring ongoing and growing benefit from an upfront investment of public funds.

We face an urgent need for more housing at all levels of affordability in Oregon. While developers like NHA have the capacity to deliver new housing, oversubscribed and expensive financial resources currently limit how many projects we can complete. A Construction Revolving Loan fund would be a smart, efficient, and proven tool to leverage public and private investment to support more affordable housing development in Oregon.

Sincerely,

A handwritten signature in black ink, appearing to read "Lydia Slocum".

Lydia Slocum, Senior Housing Developer