

Submitter: Traci Manning

On Behalf Of:

Committee: Joint Committee On Ways and Means Subcommittee On  
Transportation and Economic Development

Measure, Appointment or Topic: HB5011

Chair Woods and Chair Gomberg, and Members of the Committee:

I am writing in support of House Bill 5011 and specifically want to ask for your support for \$285 million in bonds for preservation of existing affordable housing, an increase to the POP 519 proposal. The additional funding would come from the proposed new construction funding (POP 515).

It is a measure of the importance and urgency of the issue of preservation that we are asking that you direct funding away from new construction to preserve what we have.

My name is Traci Manning and I'm the Executive Director of Housing Development Center. We're a nonprofit that has been working throughout Oregon for 30 plus years to build and sustain affordable housing. We have clients with properties that they have been pouring organizational resources into to keep them stable. That is not a situation that can last much longer before we risk the organizations themselves.

Why is this happening? COVID, followed by high inflation have dramatically and permanently changed the operating environment for all rental housing, and affordable housing has been particularly hard hit. Costs to operate housing have grown twice as fast as restricted rents, creating operating deficits at developments across the state. This situation threatens their future viability and sustainability.

Industry standard financial modeling did not anticipate such unprecedented economic events, and a desire to maximize both rent affordability and the use of private capital in new developments left little room for these unexpected conditions. The consequence is that many projects do not generate enough cash flow today to cover operating costs and pay their mortgage.

Tenants are already struggling to pay rent, even at the restricted levels, so raising rents to increase revenues is not a viable or appropriate solution in most cases. Owners have already done a lot to creatively contain operating costs, but many of the rapidly increased expenses, like insurance, fall outside their control.

Ultimately, it is the total amount of affordable housing we have in Oregon that is most important to the health of our state. Therefore, it is worthwhile to divert some funds away from new construction to preserve what we have. Fortunately, with urgent attention to preservation, we can avoid losing what our communities all around the

state have built.

Thank you for your time and your service to Oregon.