An affordable home is a community asset that requires periodic reinvestment – just like schools, roads and libraries. Preservation investments maintain our existing affordable homes, so that the total supply grows instead of crumbling from below.

Along with the continued production of new affordable housing, ***Legislators must act decisively in 2025 to protect the homes we already have – and the residents who will be at risk if those homes are lost****.*

OREGON HOUSING ALLIANCE

Housing Authorities OF OREGON

HOUSING OREGON

$285M in bond funds for affordable housing preservation

We can keep thousands of at-risk homes in service for decades to come – if we act now.

Preserving an existing affordable home costs 50-90% less than building a new one.

Funds from both lottery-backed and general obligation bonds – a total of $285M for the 2025-2027 biennium – are needed to rescue affordable housing properties facing these acute threats:

Threat #1 Extreme operating cost inflation, leading to risk of foreclosure

Skyrocketing insurance premiums, utility rate hikes, rising costs due to inflation. Affordable housing properties across the state – and the nation – face unforeseen, unsustainable operating expenses. ***More on back***

At least 30 properties in Oregon are at imminent risk of foreclosure because they cannot afford to make their loan payments after covering dramatically inflated operating costs. Another 75 buildings are losing money every month, and are rapidly draining nonprofit owners' reserves in order to keep up with expenses.

With their existing properties on such shaky financial ground, nonprofit developers won't be able to get loans to build the new affordable homes that our state desperately needs. *However…*

Bond funds can be used to buy-down unmanageable debt and rescue at-risk affordable housing.

With modest investments in financially distressed properties, loans can be right-sized to match revenues.

Threat #2 Expiring affordability restrictions

Long-term rent restrictions expire for over 4,400 homes, in 21 counties, over the next five years. ***Map on back***
When affordable properties convert to market-rate, residents face rent hikes and displacement. *Or…*

Bond funds can be used to acquire expiring properties and keep rents affordable for the long run.

Preservation investments protect residents from being priced-out, and secure affordable homes for the future.

Threat #3 Loss of affordable manufactured housing parks

An average of 32 manufactured housing parks are sold statewide every year. During the '21-'23 biennium, parks with a total of 3,665 homes were listed for sale, commonly leading to unaffordable rent hikes for fixed-income seniors and low-income families. *But…*

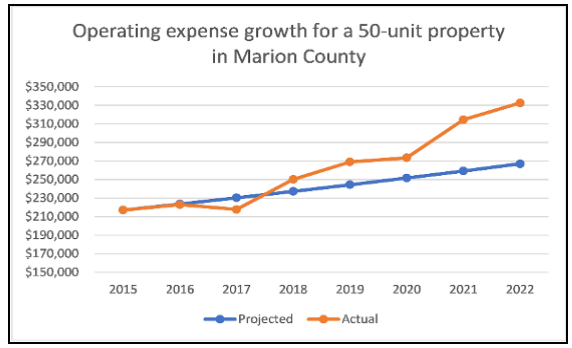
Bond funds can be used to save manufactured housing parks and protect their residents.

Dozens of parks have already been preserved by resident-owned cooperatives and nonprofits!

Cameron Herrington: cherrington@neighborhoodpartnerships.org Justen Rainey: justenr@pacounsel.com

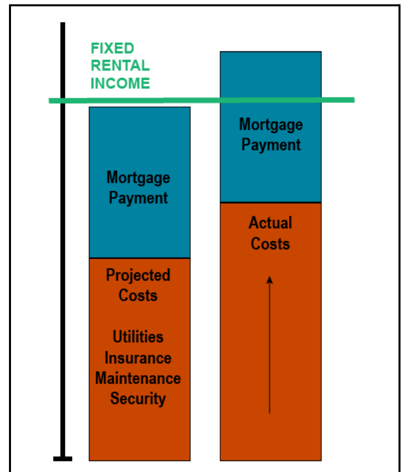
Threat #1, continued:

Over 100 affordable housing properties are headed toward foreclosure



About 25% of the cost of the average affordable housing project is covered by the state's LIFT program; this is equivalent to a down payment. Most of the development cost is paid by private investors and a bank loan, equivalent to a mortgage. Once a new property opens, it is on the hook for repaying that loan.

The other major expenses are insurance, utilities, property management, maintenance, and security. Since 2020, the month-to-month cost of these operating expenses has shot up, far oustripping the revenue that properties bring in through the regulated, below-market rents paid by low-income residents. This makes it impossible for many buildings to make their loan payments in full, and nonprofit owners are running out of tools to make the math work. **Thousands of affordable homes may be lost.**



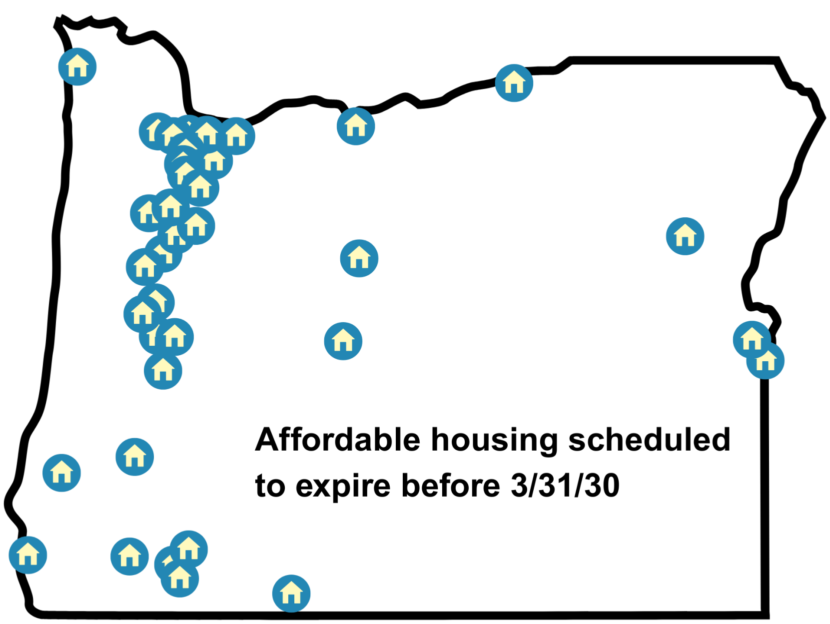
When a property's rental income is fixed, and operating costs rise much faster than projected, cash available to pay the mortgage decreases.

The nonprofits struggling to repay loans on existing properties are the same ones that Oregon is counting on to build the next round of *new* affordable homes – but only if they can get loans from banks to finance the development cost. With scores of properties headed toward default on existing loans, affordable housing development will grind to a halt as banks stop making loans for new projects. This outcome is preventable – if the legislature acts now with sufficient bond funding to stabilize and preserve Oregon's affordable housing. **At least $285M is needed for the 2025-2027 biennium.**

Threat #2, continued:

Expiring affordable housing is a statewide challenge

Each location on this map is a city where one or more affordable housing properties are scheduled to convert to market-rate before March 31, 2030. More than 4,400 households are at risk, across 37 cities in 21 counties.



Over the next 5 years, 75 affordable properties will expire in these cities:

Albany (2)
Aloha
Baker City
Bend (3)
Central Point
Corvallis
Cottage Grove
Dallas
Eagle Point
Eugene (4)
Forest Grove
Gold Beach
Grants Pass (3)
Gresham
Harrisburg
Hillsboro
Irrigon
Jefferson
Junction City
Klamath Falls
Madras
Medford (2)
Myrtle Point
Nyssa
Ontario (3)
Oregon City
Portland (23)
Roseburg (2)
Salem (5)
Seaside
Springfield
Stayton
The Dalles
Tigard
Tualatin
Wilsonville
Woodburn

Cameron Herrington: cherrington@neighborhoodpartnerships.org
Justen Rainey: justenr@pacounsel.com