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May 2, 2025

## **In Support of Preservation Funding in SB 5506 Joint Subcommittee on Capital Construction**

Co-Chair Senator Girod, Co-Chair Representative Nosse, and Members of the Committee,

My name is Kevin Cronin, and I'm the Policy and Advocacy Director at Housing Oregon, the statewide association of community development enthusiasts - your affordable housing developers, homeownership developers, public housing authorities, and our financing and service partners. We represent the groups that build, finance, and operate mission-driven affordable housing across Oregon.

Today, I'm here to talk about jobs and to ask that you amend SB 5506 to include **General Obligation Bonds for affordable housing preservation.**

The affordable housing sector is **one of the few parts of Oregon's construction industry that is still moving permits, still hiring workers, and still delivering housing.** In 2024, more than half of all permitted residential units in the City of Portland were affordable housing. That's no accident—it's because public investment is still flowing. But that pipeline is under threat.

We are already seeing signs that **production will slow** if we don't stabilize the housing we've already built.

One of our organization's key partners is Kathy Swift, a senior lender at a community bank here in Oregon who authored a white paper outlining exactly how [deteriorating operating conditions in existing affordable properties are jeopardizing access to construction and permanent loans](#). She lays out a clear case: if our portfolio falls apart, the capital markets won't support new builds. We've shared this paper with your staff, and if time allows, she may testify before your committee.

So while SB 5506 includes critical bond support for new development, particularly for LIFT Rental, LIFT Homeownership, and Permanent Supportive Housing—we are calling on you to also invest in preservation.

Right now, **there is no preservation funding in SB 5506.** Governor Kotek's recommended budget includes **\$185 million in lottery bonds** for preservation of existing affordable housing in SB 5531. That is a great start—but our data show that

the need is significantly greater. Our board, members, and partners are urging this committee to go further.

We recommend that you allocate at least **\$100 million in General Obligation Bonds** in SB 5505 for preservation by **reallocating a portion of LIFT Rental bond funding** toward preservation activities that are eligible under Article XI-Q bonds.

There's precedent for this. OHCS has confirmed that some preservation activities—such as capital rehabilitation—are bond eligible, and can be funded through GO bonds alongside new construction.

This is not an either/or decision. Preservation is essential to keep the production pipeline going. Without it, some housing developers will lack the balance sheet strength and asset security to take on new projects. And without that, public bond dollars—LIFT, PSH, all of it—don't move as far as they need to.

The industry is sounding the alarm:

- Insurance costs have doubled or tripled for many operators.
- Utility costs are up.
- Operating reserves are depleted.
- Affordable housing providers have little to no ability to raise rents to cover these costs.

We're now seeing nonprofit owners **selling off hundreds of affordable units**, simply because they can't cover expenses. We're losing community assets—and once they're gone, they're gone. We lose the affordability. We lose the taxpayer investment. And we risk pushing residents into homelessness.

But there is a way forward. Preservation is far more cost-effective than new construction. It's fast. It keeps people housed in their communities. If we act now, we can avoid disaster - a collapse of the existing portfolio and keep Oregon moving toward its housing goals.

Thank you for your work on this bill. Housing Oregon and our 120+ members across the state look forward to partnering with you to protect our housing system and the people who depend on it.

Sincerely,

Kevin Cronin

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