



May 2, 2025

SB 5506: General obligation bonds for affordable housing production and preservation

Dear Co-Chairs Girod and Nosse and Members of the Committee,

Habitat for Humanity Portland Region strongly supports SB 5506's proposed investments in:

- Local Innovation and Fast Track (LIFT) Affordable Rental Housing Program
- Local Innovation and Fast Track (LIFT) Homeownership Program
- Permanent Supportive Housing Program

As an affordable homeownership developer, Habitat Portland Region can speak directly to the critical importance of continued investment in LIFT for Homeownership. Our program has dramatically scaled up our affordable homeownership production over the past five years thanks to consistent funding through LIFT. We have received eleven LIFT awards for 233 homes across the Portland Metro Region, from Gresham to King City, and Hillsboro to North Portland.

Especially for households with lower incomes, homeownership is transformative – it's the difference between struggling to pay rent, impermissible choices between competing basic needs and frequent moves, *and the stability of a fixed 30-year affordable mortgage*. That's why Habitat Portland Region strives to sell two-thirds of our homes to families with incomes below 60% of the area median. As we have faced rising construction costs and interest rates, LIFT is what has allowed our program to continue to deliver these critical homeownership opportunities.

In the past, lawmakers may have worried that the network of affordable homeownership developers lacked the capacity to utilize \$100M or more in LIFT funds. Today, we have the opposite problem. In fact, the current round of LIFT funding is \$13 M short of funding approved projects in the queue. At Habitat Portland Region, we expect to have three projects in the queue for 2026. We have land secured for 87 homes, with an additional parcel for 40 homes under contract. Without additional funding, however, we will have to hit pause on shovel-ready and sorely needed developments.

In addition, we call on the Legislature to dedicate general obligation bonds to preserve existing affordable homes – including both rental housing and manufactured housing parks. Affordable

housing preservation can be funded through a mix of general obligation bonds and lottery bonds. We call on the Capital Construction Subcommittee to include at least \$100M in general obligation bonds toward this purpose through SB 5506, in addition to \$185M in lottery bonds as recommended by Governor Kotek.

The dangers of under-investing in housing preservation are clear: 36 existing affordable housing properties in Oregon are facing foreclosure in the next two years. An additional 76 properties are operating at a monthly deficit and dragging down the finances of housing operators due to unsustainable operating costs. Each of these outcomes places vulnerable, low-income Oregonians at severe risk of losing their homes and becoming homeless. With sufficient bond funding, these properties can be rescued and kept in service for current residents and future generations.

When housing providers' existing properties operate at a deficit, those same providers will be unable to assemble the financing needed to develop new affordable housing through the LIFT program. Funding new production and preservation is not an either/or decision: failing to invest in preservation creates massive threats to new production.

HB 5506's investments in new rental housing, new homes for homeownership, and new units of Permanent Supportive Housing are desperately needed. A corresponding investment in the preservation of existing affordable housing is required both for its own sake, and to keep new affordable housing production going across the state.

Thank you for your service,

A handwritten signature in black ink, appearing to read 'S. Radcliffe', with a stylized, flowing script.

Sarah Radcliffe
Director of Government Relations
Habitat for Humanity Portland Region