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May 9, 2025

**In Support of Preservation Funding in SB 5531
Joint Subcommittee on Capital Construction**

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

My name is Kevin Cronin, and I serve as the Policy and Advocacy Director at Housing Oregon, the statewide association of community-based affordable housing developers, homeownership organizations, public housing authorities, and our financing and service partners. We represent the groups that build, finance, and operate affordable housing across Oregon.

Housing Oregon strongly supports two critical investments in SB 5531 that will both preserve existing affordable housing and support new housing development:

- \$185 million for the preservation of affordable housing, including rental properties and manufactured housing parks (Section 8), and
- \$100 million for the Housing Infrastructure Fund to support construction-ready projects held up by gaps in local infrastructure (Section 14).

The affordable housing sector is one of the few parts of Oregon's construction economy that continues to move forward. In 2024, over half of all permitted residential units in the City of Portland were affordable homes. This progress is possible because of consistent public investment. But the pipeline is now at risk.

We are seeing clear signs that production will slow unless we stabilize what we have already built. One of our members, Kathy Swift, a senior lender at a community bank, recently authored a [white paper](#) outlining how deteriorating operating conditions are jeopardizing access to construction and permanent loans. Her message is direct: if our existing portfolio fails, the capital markets will not support new housing development. We have shared her paper with your staff and hope you will have a chance to hear from her directly.

We urge you to protect the \$185 million in preservation funding called for in the governor's recommended budget and listed in Section 8 of SB5531. In just the next two years, 36 affordable housing properties in Oregon are at risk of foreclosure. Another 76 are operating at a monthly deficit. These properties are dragging down entire nonprofit portfolios and pushing low-income Oregonians closer to eviction and

homelessness. With this funding, we can keep these homes in service for the people who live in them today and for the future.

We also strongly support the \$100 million investment in the Housing Infrastructure Fund in Section 14 of SB5531. This fund will help unlock projects that are ready to go except for missing infrastructure such as roads, sewer lines, or water connections.

These two investments work together. Preservation funding is essential to keep developers stable and in a position to take on new construction. If we do not address these urgent issues, projects will stall and public investment will lose momentum.

Operators across the state are raising the alarm. Insurance costs have doubled or tripled. Utility bills are rising. Operating reserves are depleted. And rents cannot simply be raised to close the gap. Nonprofit owners are already being forced to sell affordable housing because they cannot cover expenses. When that happens, we lose the affordability, the community stability, and the taxpayer investment.

There is a solution. Preservation is faster and far more cost-effective than new construction. It keeps people housed and prevents displacement. If we act now, we can avoid deep losses and continue moving toward our statewide housing goals.

Please maintain both investments in SB 5531. These funds are essential to protecting Oregon's existing affordable housing and supporting the construction of the homes our communities need.

Thank you for your consideration.

Sincerely,
Kevin Cronin
Policy and Advocacy Director
Housing Oregon