

Governor Brown’s \$400M Housing Package – Additional Information

Like other economic downturns, the COVID economic fallout has disproportionately impacted low-income Oregonians, particularly BIPOC communities. At the same time, Oregon continues to have record revenue as high-income earners have not been as impacted by the economic fallout of COVID. Governor Kate Brown is proposing to use this historic revenue to support low-income communities that have been devastated by COVID by addressing one of Oregon’s most prolonged challenges: our housing crisis.

Oregon’s housing crisis demands continued investments to develop more affordable homes and preserve existing housing, so we don’t lose ground as we develop new homes. At the same time, Oregonians who are struggling need more support. The Legislature has already dedicated funds to renters and those at risk of eviction, but there are additional recovery needs to help stabilize Oregon families and prepare communities for the next economic crisis. Below is an outline of the proposed investments:

- **Housing Supply: \$339.5 million**
 - \$170 to preserve affordable housing, provide operational support to providers, and expand cooling opportunities in response to this summer’s heat waves
 - \$50M to address cost escalation, replenishing a 2021 session investment
 - \$35M to build new homes for rent, which will be added to OHCS’ small projects offering
 - \$30M to build new affordable homes
 - \$29.5M to acquire at-risk manufactured home parks
 - \$25M for the Land Acquisition Program
- **Homeowner Support and Stability: \$9-25 million**
- **Homelessness Services Infrastructure: \$500,000**

OHCS developed this proposal with capacity constraints in mind. The housing investment package includes no new programs, limited modifications to existing programs, and pass-through funds to support on the ground providers. We are asking for resources that OHCS can delivered. Below is additional information on the package, in priority order, with a 50% reduction option.

Supply Component - \$339.5M to Build and Preserve Housing

OHCS is requesting \$339.5M in supply resources to invest in homes for rent and purchase, more than 80% of the requested \$400M. Given the volatility of the current market, cost increases, and the constraints of Private Activity Bonds, the State of Oregon must step up to meet the

moment and expand housing investments so that we can achieve the needs detailed in Oregon’s Regional Housing Needs Analysis. Over the next 20 years, Oregon must build more than 580,000 homes and 140,000 of homes must be affordable. This can only be achieved with state investments paired with federal and local resources. At the same time, more than 8,000 affordable units across the state are at risk of falling out of our portfolio and becoming market rate. Oregon cannot lose any ground while we work to expand housing, and affordable housing providers need additional support.

- **\$170M to preserve affordable housing, provide operational support to providers, and expand cooling opportunities in response to this summer’s heat waves**
 - **\$50M for the Preservation Notice of Funding Availability:** this will add to an existing, planned offering. This will fund the preservation of likely around 500 units of affordable rental housing, addressing program limitations caused by Oregon’s Private Activity Bond constraints.
 - **\$50M to expand the Preservation Publicly Supported Housing (PuSH) pool resource:** these funds will be added to the existing funding calendar offering. This would allow the purchase and preservation of likely another 5 properties and offers the opportunity to leverage the loans long term. These resources are used to acquire expiring properties supported by state preservation regulations. OHCS is unable to pair resources in this offering with the federal tax credit program because of Private Activity Bond constraint. As a consequence, the \$10 million currently programmed will likely only serve to acquire one property (maybe 2). Adding an additional \$50 million to this offering will allow this resource to fully incentivize the purchase of projects at risk of expiration, such as acquiring housing in cases where the owner intends to sell and convert units market-rate if not for the state or the local jurisdiction utilizing it’s right of first refusal to purchase the property and preserve affordability.
 - **\$70M to Preservation pool resources:** this will add to the existing offering to fund improvements and stabilization for an additional 3,000 units. This pool is used to establish operating support for projects in need to adjust to new COVID era budgets and stabilize to prevent needing to seek other competitive funds and extend affordability. If funds are allocated, this will allow for expansion of cooling system resources.
- **\$50M to address cost escalation:** The Legislature allocated \$5M for pricing and construction increases. Increases have caused gaps outside of a development’s control, but resources allocated last year were quickly subscribed, even with OHCS adding over \$10 million in federal low-income housing tax credits and more than \$12 million in other OHCS gap resources. Even still, we had to turn away projects in need and only provided funds to 2019 and 2020 funded developments; the need is much greater, especially when you consider gaps from 2021 funded developments and the ongoing cost

escalation. Additional funds would revive the out-spent program to address the pressing construction gaps in light of accelerating cost and today's markets. These resources could allow 15-20 projects representing 1,500 to 2,200 affordable homes with funding gaps to move forward with their construction.

- **\$35M to build more affordable homes for rent:** this would add resources to our Small Project Notice of Funding Availability, allowing more of affordable rental housing with a larger percentage dedicated to rural areas of the state. This will likely generate around 175 additional units.
- **\$30M to build more new homes for purchase:** OHCS will add and layer this funding into the LIFT Homeownership offering. The LIFT funding source, Article XI-Q bonds, limit award amounts that impact the ability to develop in rural areas or develop at scale in urban communities. OHCS will structure these resources with the support of our Housing Stability Council with the goal of increasing LIFT's ability to serve rural areas and allow for greater density in urban areas.
- **\$29.5M to acquire at-risk manufactured home parks:** OHCS currently has \$25 million in the preservation resources aligned with Manufactured Home Park Preservation. In our work with partners on this, we understand that there are over \$25 million in parks that are ready to apply for this long-term financing to secure properties, that would mean that the current resources allocated will be fully obligated within the next 3 months. These additional resources will allow another 5-7 parks to be acquired and preserved, creating or preserving approximately 300 - 600 affordable homes.
- **\$25M for the Land Acquisition Program:** these funds will allow developments to secure their land while their financing experiences delays related to the changing financial landscape and volatility of the market. This is minor expansion of the existing Land Acquisition Program to preserve the current pipeline; timelines will be moving for projects as the 4% Low Income Housing Tax Credit program becomes competitive and funds will be used to bridge the delay and mediate additional cost increases. This could be used to stabilize 10 – 15 developments that will create approximately 1,000 – 1,200 affordable homes.

Homeowner Support and Stability Component – \$9-25M

Homeowners at risk of foreclosure turn to Homeownership Centers or other trusted community organizations to help them preserve their investment and retain their housing. These organizations braid funding together and often need flexible funds to allow for adequate staffing in the best of times. COVID has impacted operating costs for these organization. OHCS will provide resources to organizations serving homeowners to address operational capacity, technology and software needs, expenses incurred from the pandemic, and allow organizations



to expand to unserved or underserved populations. OHCS is considering a max grant of \$140,000 - \$175,000 per organization, dependent on need and capacity to expand services. Additionally, resources are needed to help manufactured homeowners. New programs to help homeowners replace older manufactured homes have been welcomed by community, but many homeowners have questions about the program and need support navigating these new resources. Around \$250,000 of this package will be set aside to meet that need. These resources would also include funds for Community Dispute Resolution Centers (CDRCs) that provide mandatory mediation to manufactured home park residents and owners. CDRCs are reporting increased expenses related to the pandemic, and OHCS would provide a \$50,000 grant to 15 CDRCs across the state to address this and allow for activities (including marketing, increased outreach for volunteer mediators, and travel and technology needs).

Community Stability Component - \$35M to the Individual Development Account (IDA) Program

The Oregon Legislature has helped keep so many families in their homes. However, these families are still living on the verge and one unexpected bill away from homelessness. Investing in asset building through the established IDA program will support community resiliency for the next economic downturn. This investment will support Oregonians by providing financial literacy education paired with matched savings. IDAs allow Oregonians to achieve homeownership, further their education, start a small business, and more, and there are many on a waitlist hoping to participate. The IDA Initiative is also exploring ways to support wildfire impacted communities to make families more resilient post disaster. This investment will promote financial stability for approximately 3,000 low-income Oregonians, accessing the program through a network of 70 organizations covering every county throughout the state. Additional information is available in a supplemental memo from Neighborhood Partnerships, the IDA administrator for the State of Oregon. Please contact Lore Naldoza, Lnaldoza@neighborhoodpartnerships.org, for more information.

Homelessness Services Infrastructure Component - \$500,000 to Increase Coordination and Support Planning

A modest investment in the policy structure surrounding homelessness will better support coordination and direction at the state and local level. This includes following recommendations of the legislative Task Force on Homelessness and Racial Disparities by providing resources to establish an Interagency Council on Homelessness and provides funds for a policy expert within OHCS to support this effort. Remaining resources, projected at \$250,000, will also be used to support Built For Zero, a private/public partnership to support communities in addressing homelessness through improvements in data collection and cross-sector service coordination. Many Oregon communities already partner with Built For Zero, this investment expands the scope statewide and can complement other proposed investments in collaborative local efforts.



50% Reduction Option: \$200M Package

Lastly, we understand the state has many demands and resources are not sufficient to meet the needs across Oregon communities. Many of our on-the-ground partners would articulate that even the proposed \$400M investment does not meet all the needs in their communities. To support the Legislature’s decision making, OHCS is providing a \$200M option of this package, below. OHCS whole-heartedly requests the full \$400M to ensure Oregon continues to meet the scale needed to address Oregon’s housing crisis and, given today’s revenue forecast, we hope the figures below are just an exercise and not reflective of potential legislative investments.

- Supply Component \$175M
 - \$20M Preservation Notice of Funding Availability
 - \$20M Preservation Publicly Supported Housing (PuSH) pool resource
 - \$40M Preservation pool resources, operating and cooling support
 - \$50M to address cost escalation
 - \$10M to build more affordable homes for rent
 - \$15M to build more affordable homes for purchase
 - \$20M to acquire at-risk manufactured home parks
 - Remove Land Acquisition Program investment
- Homeowner Support and Stability Component \$9M
- Community Stability Component \$15.5M
- Homelessness Services Infrastructure Component \$500,000

OHCS Contact: Nicole Stingh, Assistant Director of Government Relations,
nicole.stingh@hcs.oregon.gov

Governor’s Office Contact: Ryan Deibert, Housing Policy Advisor, Ryan.DEIBERT@oregon.gov

