



Member Organizations

1000 Friends
AFSCME Local 3267
Association of Oregon Community Development Organizations
Association of Oregon Housing Authorities
CASA of Oregon
Central City Concern
City Club of Portland
City of Ashland
City of Beaverton
City of Eugene
City of Gresham
City of Medford Housing & Community Development Commission
City of Portland
City of Talent
City of Wilsonville
Clackamas Community Land Trust
Clackamas Housing Action Network
Coalition for a Livable Future
Community Action Directors of Oregon
Community Action Team, Inc.
Community Alliance of Tenants
Community Development Network
Community Housing Fund
Community Partners for Affordable Housing
Ecumenical Ministries of Oregon
Enterprise Community Partners, Inc.
Habitat for Humanity of Oregon
Hacienda CDC
HOST Development, Inc.
Homeless Families Coalition
Housing Advocacy Group of Washington Co.
Housing Development Center
Interfaith Committee on Homelessness
Jackson County Housing Coalition
Lane County Legal Aid and Advocacy Center
League of Women Voters of Oregon
Lincoln County
Manufactured Home Owners of Oregon, Inc.
Metro
Multnomah County
Neighborhood Economic Development Corp.
Neighborhood Partnership Fund
Network for Oregon Affordable Housing
Northwest Community Land Trust Coalition
Northwest Housing Alternatives
Oregon Action
Oregon Council on Developmental Disabilities
Oregon Coalition on Housing & Homelessness
Oregon Food Bank
Oregon Manufactured Homeowners United
Portland Community Land Trust
Portland Community Reinvestment Initiatives, Inc.
Portland Impact
REACH CDC
Rogue Valley CDC
Rose CDC
St. Vincent DePaul of Lane County
Shelter Care
Sisters of the Road
Umpqua CDC
Washington County

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February 2008 Legislative Session “Housing Acquisition Fund” Proposal SB 1073

SB 1073 seeks \$2 million of state General Fund to seed a “Housing Acquisition Fund” — a revolving loan fund to provide interim financing to maintain existing rent-subsidized housing as affordable.

More than 7,000 rent subsidized apartments in more than 250 properties across Oregon are at risk of loss beginning immediately. Properties threatened by the end of existing subsidy agreements were developed over the past 40 years with support from the federal Department of Housing and Urban Development, from the Rural Development program of the Department of Agriculture (formerly known as “Farmers Home”), and with State of Oregon bond financing coupled with federal rent subsidies. The properties are located in all corners of the state.

Existing contracts that keep these apartments affordable are expiring in the next one to seven years. Many of the private owners of these properties are interested in selling and would prefer to see the housing remain affordable. The Housing Acquisition Fund is a crucial tool to save these affordable units.

In its first year, the state’s General Fund investment into the “Housing Acquisition Fund” will leverage an additional \$26 to \$46 million in private, philanthropic, and local public funds. Over six years we estimate that the total leverage would exceed \$150 million. It would also protect millions of dollars in federal rent subsidy payments from the Section 8 and Rural Development programs by facilitating the preservation of an estimated 2,700 apartments.

The fund will help preserve this stock of housing by facilitating sales to new owners who will maintain current rent levels. Preservation of existing housing is much less expensive than replacing it — replacement cost of these units would easily exceed \$250 million.

In addition, saving this housing will:

- ◆ Prevent displacement of very low income seniors, people with disabilities, and families with children from homes in communities which have no other housing available at a similar cost
- ◆ Maintain federal rent subsidies for these properties — worth millions of federal support per year for Oregon

Interim financing through this “Housing Acquisition Fund” will allow for timely sales that can be structured to maintain all possible federal subsidy. This

interim financing is an essential tool to make preservation efforts successful, and a minimal State investment promises to have a significant impact on this effort by leveraging private funds.

The Fund will be administered by the Network for Oregon Affordable Housing, and managed by a steering committee of local experts, business leaders, and investors. Meyer Memorial Trust has pledged significant support for the Fund if State funds are committed and has made a grant to support the administrative costs to launch this effort. Other local funders have committed support as well if the Fund is seeded, and a grant proposal is in process to the MacArthur Foundation. Banks and local jurisdictions have indicated a willingness to invest in the Fund once it is established.

The table below illustrates the anticipated impact of the "Housing Acquisition Fund."

	Capital	Bank			Rental		
	Investment	Leverage	Total Fund	#	Assistance	TOTAL	
				Units	Projects	Preserved	LEVERAGE
General Fund	\$2,000,000	\$6,000,000	\$8,000,000				
Foundations / Other	\$13,000,000	\$29,000,000	\$42,000,000				
TOTAL over 2 years:	\$15,000,000	\$35,000,000	\$50,000,000	909	26	\$4,189,091	\$52,189,091
TOTAL over 6 years			\$150,000,000	2,727	78	\$12,567,273	\$160,567,273

Interim financing through this "Housing Acquisition Fund" complements permanent financing tools that Housing and Community Services has available, including permanent financing approved during the 2007 session of \$8.1 million and the Oregon Affordable Housing Tax Credit, which was expanded during the 2007 session for this purpose. Current allocations of the OAHTC are committed, and all funds for long-term preservation appropriated in 2007 will be exhausted by pending deals.

Many millions in state funds will continue to be needed over the next five to ten years to ensure the permanent preservation of this housing. Depending on the assumptions made about federal rent levels and availability of the Oregon Affordable Housing Tax Credit, state funds needed to permanently finance just the 2,700 units passing through the Housing Acquisition Fund could range from \$11 million to \$150 million over the next eight to ten years.