



**Housing Alliance
2009
Housing Opportunity Agenda
Specific Proposed Uses of Document
Recording Fee Revenues**

- ◆ **76% of fee revenue to General Housing Account**
 - *70% of fee revenue – Multi-Family Rental Housing Development*
 - *6% of fee revenue – Maintain a vital network of Community-based non-profit housing providers*

- *70% of fee revenue – Multi-Family Rental Housing Development*

70% of the Document Recording Fee will be placed in the General Housing Account to support the development of Multi-Family Rental Housing. Other possible uses include strategic land acquisition and support for resident purchase of Manufactured Home Parks. All of these funds would be allocated competitively, most through the existing Consolidated Funding Cycle at Housing and Community Services (HCS). Increased funds will allow the Department to fund viable pending applications and speed up the response of community based developers to housing needs in their communities.

This new resource will produce hundreds of new affordable units per biennium, leveraging a wide variety of other available resources. These units will become part of Oregon's infrastructure and remain affordable to hardworking families or those with special needs for generations. Our investment will create opportunity for families and individuals, leverage significant private investment, *and* create new family wage construction jobs.

The 2007-2009 HCS resource for this purpose is just \$5.6 million (from utility public purpose funds). Viable projects often now wait two or three years for an allocation of state funds. This makes projects harder to do for the developers and more expensive as construction costs keep rising. Larger equity investments from HCS will allow us to better serve communities, reach lower rent levels, and replace the many funding sources that are declining or not growing at pace with the need.

Housing for special needs populations: Some of these funds will be used for the creation of debt-free or low debt housing units that could serve individuals and families with ongoing special needs. Many residents have a long term, if not permanent, need for housing plus access to services, and we as communities need to continue to develop an infrastructure of housing that will be permanently available. There is growing evidence that this is the most cost effective approach, as well as being most beneficial to individuals facing physical and mental health challenges.

With this new resource, HCS will have flexibility in underwriting projects for very low income populations and will work with partners to develop mechanisms to ensure funding that covers the full costs of operating these properties. New funds will supplement and leverage special allocations through the Department of Human Services which respond to special circumstances.

Manufactured Home Park Purchase – Support for Owner Co-op or Non-Profit or Local Government Purchases: Private loans will finance most of the cost of manufactured home parks purchased using the owner cooperative model. However, we anticipate a need for gap financing through HCS at least until the financing model becomes established. HCS is actively working with partners to support voluntary sales and purchases.

Rehabilitation and Preservation of Existing Housing / Preservation of Federal Rent Subsidy: Our existing multi-family housing stock and many downtown buildings are aging, but much can be saved. Rehabilitation not only preserves the existing character of our towns, it is usually a cost-effective alternative to new construction. Acquisition and rehabilitation will also allow the retention of federal rent subsidies, which assist very low income households. Many thousands of units in both urban and rural settings are at risk of losing federal rent subsidy and displacing low income tenants.

New Multi-Family Housing for Working People, Mixed Use Housing, and Downtown Revitalization: Funds will be used to create new units where insufficient multi-family units exist to house workers and residents. Our populations are growing rapidly at the same time that many homes and apartments are being purchased as vacation or retirement homes, and new multi-family housing is needed to meet the increased demand. New construction will be well designed to blend in with established communities and minimize the effects of density.

Many communities are seeing the benefits of creative use of downtown and urban spaces in mixed-use developments. Whether historic preservation or new construction, these developments blend commercial, office, retail, and residential spaces to great advantage. Housing in these areas brings workers and shoppers closer to work and retail areas, and recreates community gathering spots.

Strategic land and property acquisition: Funds may be used to increase resources available for land banking and other strategic acquisitions. The current market cycle may offer unique opportunities to acquire land and parcels in critical or strategic locations for future development.

- *6% of fee revenue – Maintain a vital network of Community-based non-profit housing providers*

An additional 6% of the fee will go into the General Housing Account to maintain and expand the State's network of community-based affordable housing providers, both non profits and housing authorities. This network is an essential partner for the State. It develops and maintains publicly-invested housing that serves Oregonians that the private market cannot: seniors on fixed incomes, working families depending on low wages and unstable employment, and people with disabilities unable to work.

Successfully and sustainably serving populations priced out by the private housing

market requires public investment in these housing organizations, in all areas of the state but perhaps most acutely in rural areas. This investment allows organizations to maintain the development and operational capacity needed for both cost-effective real estate development and efficient stewardship. That capacity must include: first, capital; second, bankability; and third, skilled staff.

Grants would be made through a competitive process to expand capacity. Capacity funds will target access to capital, improving the financial viability of existing properties, and supporting the already skilled staff of these organizations as they adjust to changing needs and times. Funds will:

- Provide a pool of strategic operating capital to allow organizations to respond to opportunities and critical needs;
- Support the sustainable operation of existing affordable housing; and
- Provide technical assistance, peer support, evaluation and training to ensure performance and sustainability. (No more than 10% of the total capacity building funds will be used for this purpose).

Affordable housing is not something that the private market can or will do on its own. We need to take seriously the support of organizations that bring this capacity to Oregon's communities, and support community based efforts to partner and leverage resources and opportunities.

◆ **10% of fee – Ending Homelessness through the Emergency Housing Account**

The Emergency Housing Account (EHA) is a flexible resource that is used at the local level in a variety of ways to support efforts to decrease homelessness. It is distributed by formula to agencies in every county.

Emergency Housing Account uses include:

- Increase movement of homeless individuals and families into permanent housing;
- Stabilize families and individuals in existing permanent housing through short term eviction prevention funds or foreclosure prevention funds;
- Provide operating support for permanent supportive housing; and
- Provide emergency shelter or transitional support to homeless individuals and families.

◆ **14% of fee – Creating Homeownership Opportunity**

14% of the Document Recording Fee increase will go into the Home Ownership Assistance Account. This is an existing account that is allocated competitively to partners statewide to support down payment assistance programs, counseling, and other home buyer subsidies for lower income households. The account is flexible, and will allow communities to establish priorities and approaches based on their needs and experience. As a general rule, homeownership subsidy programs will include a mechanism for recapture or retention of the public investment. Programs may be designed to allow the homeowner to share in any appreciation of the home, or for debt forgiveness over a period of time.

This funding will:

Increase current expenditures for education and counseling.

Homeownership education and counseling provides homebuyers with information they need in order to make wise consumer choices and to prepare for the financial responsibilities associated with successful homeownership. Statistical data collected by education and counseling organizations show that homeowners who received classroom and one-on-one counseling experience higher credit scores and improved overall credit health, and lower credit card balances, and have a significantly lower foreclosure rate, compared with homeowners who did not receive education and counseling prior to their purchase. Homeownership education and counseling gives families and individuals the skills and support they need to successfully manage credit and debt, confidently set financial priorities and develop a workable budget, prepare for the unexpected, and make good homeownership decisions, including how to evaluate loan products. These activities include classes for first-time homebuyers, and one-on-one counseling which includes in depth personalized financial literacy discussions and strategies for optimizing the homebuyers' credit, debt repayment, savings and options for homeownership.

Increase current expenditures for all types of buy-down assistance including construction subsidy.

Homeownership is still far too expensive in many markets. These funds will provide appropriate levels of assistance in various communities and levels of need, in conjunction with homeownership education programs. There are various ways to make homes affordable from down payment assistance programs to construction and land subsidy to acquisition and/or rehab. In all cases we should aim for subsidy retention and recapture in order to make the best use of valuable public dollars. Investing public funds to reduce the cost of homeownership opens the door for lower income households to access the American Dream, particularly populations that have not historically been able to own, including ethnic and racial minorities, women and working families earning low wages.