

Director's Message

Date: February 1, 2008

To: Partners and Employees of Oregon Housing and
Community Services

From: Victor Merced, Director

Oregon lawmakers will soon be back in Salem in force. The 2008 special legislative session starts next Monday, February 4.

OHCS is a bystander, but has been consulted aplenty in connection with the upcoming session. Why? Because affordable-housing advocates and others who see the opportunity to preserve low-cost subsidized housing in Oregon are not sitting still.

They have been very busy in their work to keep rental housing locked in to long-term contracts that maintain rents in a reasonable range for individuals and families who struggle to keep their finances in the black.

This is good, of course, but it has brought about a bit of confusion, which I would like to unravel here. There are two legislative concepts that have merged in the minds of many. The reason, I think, is that both concepts are aimed at preserving thousands of affordable rental housing units.

These units are at risk of being thrown into the marketplace of competitive rents as contracts ensuring affordability expire between building owners and the US Department of Housing and Urban Development.

But there ends the similarity. The two legislative approaches are not the same, but they do complement each other.

Housing Council. One would increase the cap on OAHTC, the Oregon Affordable Housing Tax Credit. This was promulgated by the Oregon State Housing Council.

The Housing Council proposes a tax-credit increase—from \$13 million to \$17 million—because OHCS has committed existing tax credit resources to fund affordable housing. The demand for preservation is enormous. The Legislature increased the cap by \$2 million one year ago, and more is needed.

The proposed \$4 million increase in the tax credit cap would leverage more than \$100 million for preservation, as lenders take the tax advantage while offering low-interest financing for preservation of subsidized projects. The \$4 million would not make a dent in state revenues until next biennium (2009-11), an important feature of the proposal.

However, the cap augmentation is important now, say State Housing Council members, because it puts OHCS in a position to preserve housing projects that are expiring this year and run the risk in the very near future of having the subsidy removed.

When that happens, rents rise to be competitive in the overall housing market, forcing low-income people out, perhaps into homelessness. More than 1,800 units, housing more than 4,500 low-income Oregonians throughout 40 communities, will expire this year alone, and could be covered by the proposed \$4 million OAHTC increase.

Housing Alliance. The second legislative concept is a request by the Oregon Housing Alliance for a one-time allocation of \$2 million General Fund dollars. It would leverage an estimated \$48

million (\$150 million over six years) for immediate support of affordable housing preservation.

The Housing Alliance, a consortium of affordable housing advocates and close partner to OHCS, has put the deal together. Passage of the bill would create the Housing Acquisition Fund, which would leverage money from private foundations and banks as noted above.

Senator Betsy Johnson is sponsoring the legislation, Senate Bill 1073, which the Housing Alliance says will help avert the crisis and save thousands of affordable homes throughout Oregon.

There's another funding request tucked into SB 1073, and it's an important one. It calls for \$750,000 to support county planning to end homelessness in Oregon. Many counties—mostly rural ones—have faced tough going in putting together their 10-Year Plans to End Homelessness.

This would go a long way in boosting the Housing PLUS model in Oregon, which would bring permanent supportive housing throughout the state, and put the state on the pathway to breaking the cycle of homelessness.

The 2008 special session, as with all legislative sessions, will keep us on our toes. If you receive an OHCS call for information, I trust I can count on you for the best advice and information you can provide.

The bravest are surely those who have the clearest vision of what is before them, glory and danger alike, and yet notwithstanding, go out and meet it.

~ Thucydides