

General Housing Account

Projected Amount Available

The Legislative Revenue Office projects that the new recording fee will generate \$15 million in the 2009-11 biennium. The Housing Opportunity Bill directs \$11.4 million to the General Housing Account, of which \$10.5 million will be allocated to multi-family housing and \$900,000 to capacity building.

Statutory Mandate:

HB 2436 establishes a new account, the General Housing Account. Oregon Housing and Community Services must adopt rules that:

- (a) Govern the allocation of moneys deposited in the account to best meet critical housing needs and build organizational capacity of partners throughout the state; and
- (b) Require equitable distribution of resources over time based on objective measures of need, including the number and percentage of low- and very low-income households in an area.

Legislative Intent

HB 2436 directs 76 percent of the document recording fee revenue to the General Housing Account. Multi-family housing includes, but is not limited to:

- Housing for special needs populations, including people with physical disabilities and mental health challenges;
- Manufactured home park purchase;
- Rehabilitation and preservation of existing affordable housing;
- New affordable housing, mixed-use housing, and downtown revitalization; and
- Strategic land and property acquisition.

Critical Needs - Problem Statement

Multi-Family Housing

- The existing supply of affordable housing can serve just 30 percent of the families who need it.
- Nearly 3,500 affordable housing units are at risk of being lost as federal rent subsidies expire, affecting Oregon's lowest-income populations, especially fixed-income elderly households.
- When asked, the majority of homeless Oregonians say they are homeless because they "can't afford rent."

Too often, affordable housing and jobs are not near each other, requiring long commutes of low-income hardworking Oregonians. Few lower-income special needs populations have housing that adequately meets their needs and that provides access to needed social services. Finally, there are those experiencing homelessness for whom permanent supportive housing provides the most effective path to housing stability and optimal physical and mental health.

Partner Capacity

OHCS relies on its partners to develop and manage affordable housing. Often, the income generated by affordable housing cannot adequately support the operations of those partners. To bridge that gap, nonprofits have relied upon developer fees and the contributions of philanthropic organizations. Both sources of revenue have been hit hard in the current economy. Without an ongoing source of support, existing organizations will likely struggle to manage the state's existing inventory of affordable housing and respond to the changing needs for housing across the state.

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Housing Opportunity Bill (HB 2436)

General Housing Account
Continued - Page 2

Current/Past Practices with Similar Resources

Multi-Family Housing

The General Housing Account Program closely resembles the Housing Development Grant Program (more commonly known as the Housing Trust Fund). The department allocates Housing Trust Fund resources in \$100,000 awards through a competitive process. These small awards provide early dollars in a development to meet requirements of other funding sources.

In past biennia, trust funds have:

- Filled gaps on preservation properties;
- Provided small grants for repairs to portfolio projects;
- Financed small projects that serve high priority special needs populations, particularly for organizations with limited development experience and capacity; and
- Supplied early capital for larger developments to meet requirements of other funders.

When the department awards Trust Funds, the project is subject to a 25-year period of affordability (low rents for low-income residents).

Capacity Building

Historically, OHCS supported its partners' capacity with HOME Community Housing Development Organization (CHDO) funds. OHCS awarded approximately \$350,000 per year in capacity grants in tandem with other resources through the Oregon Community Development Collaborative. With the exit of the other resources, OHCS is again administering the CHDO funds for the non-HOME entitlement areas of the state. Based on HOME regulations, the department awards the CHDO operating grants to organizations that have a reasonable expectation of having a HOME award in the next two years. OHCS has also funded a limited number of organizational assessments designed to enable our partners to succeed.

Resource Allocation Strategies

Multi-Family Housing

The department anticipates allocating the bulk of the new funds through the Consolidated Funding Cycle. A portion will fill gaps in the department's other multi-family housing finance tools.

Given the complexity of multi-family housing development financing, some partners serving special populations may not have the technical expertise to submit a successful funding application. The new GHAP resources are flexible funds and not subject to the myriad of regulatory requirements that accompany a federally authorized funding source.

The department proposes four uses of the General Housing Account resources in support of multi-family housing:

1. Dedicate \$6 million to the CFC for the purposes of:
 - Combine GHAP with Housing Trust Fund to make large grant awards to small projects that serve priority special needs populations. In this way, these small projects can move forward without navigating the complexity of federally driven requirements such as the National Environmental Policy Act.
 - Make small revolving loans for predevelopment expenses (such as appraisals and geotechnical studies) to successful housing tax credit applicants, repayable upon the start of construction.
2. Dedicate resources to preservation of expiring use projects to meet the 2009 Legislature's target of 1,598 units preserved (\$1.5 million minimum).

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Housing Opportunity Bill (HB 2436)

General Housing Account
Continued - Page 3

3. Set aside of \$3 million for:

- Matching funds for permanent supportive housing should the department receive a Neighborhood Stabilization Program II (NSP2) grant award (\$1.2 million);
- A contingency fund for older developments that need assistance to remain operational or viable;
- Strategic land investment; and
- Support for capital needs assessments on preservation properties.

Issues to consider:

- Performance measures
- Retaining reserves for emergency response

Capacity Building

The department believes in strong partners that can better manage publicly funded affordable housing developments.

OHCS proposes three uses for the capacity building portion of the General Housing Account:

1. **Operational grants.** OHCS will continue to use its CHDO funds to support organizations outside of other participating jurisdictions, and expects that other HOME jurisdictions will maintain their CHDO operational support. The General Housing Account Program will be used to maintain adequate operational support throughout the state. The department will establish performance expectations for the operational grants.
2. **Training and technical assistance.**
3. **Organizational assessments.** These assessments would be strategic to areas of the state in need of additional capacity or to organizations taking on new responsibilities.

A proposed funding formula for capacity building is 80 percent to direct organizational support, 10 percent to statewide training, and 10 percent to organizational assessments.

Please send your comments and questions to:

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