



Housing | Finance | Community

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March 25, 2021

House Committee Revenue
Oregon State Legislature
900 Court Street NE Salem, OR
97301

Dear Chair Nathanson, Vice-Chair Reschke, Vice-Chair Pham, Members of the Committee:

I am writing to you today to express our support for HB 2584, which will expand and make important changes to the Oregon Affordable Housing Tax Credit.

NeighborWorks Umpqua (NWU) is a rural focused community development and affordable housing provider serving the rural communities of Southwestern Oregon in Coos, Curry, Douglas, Jackson, and Josephine Counties.

We believe that all Oregonians need a safe, stable, and affordable place to call home. Southwestern Oregon faces an acute shortage of housing that is safe, stable, and affordable. NWU owns and operates over 600 units of affordable rental housing in the region; we have waitlists that will take years to clear. We recently began lease-up of our new Deer Creek Village apartments in Roseburg, a 68 unit project focusing on veterans, individuals with special needs, and small families. In one week, we received over 340 applications for these 68 units.

Prior to the COVID-19 pandemic, we already knew that too many seniors, families, and people who experience disabilities were paying too much of their income towards rent and were experiencing other forms of housing instability. One in four renters in Oregon pay more than 50% of their income towards rent, leaving very little left over for basics like food, medicine, and transportation costs. Across Oregon, we simply do not have enough affordable and available homes for every household who needs one. COVID-19 has made this need even more profound. In addition, especially in Jackson County, the significant loss of homes from the Almeda Fire in September puts even more pressure on affordable housing supply that does not exist.

The Oregon Affordable Housing Tax Credit is a proven and effective tool. Since 1989, the OAHTC has helped provide thousands of Oregonians safe, and affordable housing by directly lowering the rents. The credit provides a long-term benefit, and keeps rents lowered for tenants for twenty-years. The credit lowers rent as soon as the project is completed, meaning tenants benefit as soon as they move in. The credit also helps preserve and facilitate the development of additional affordable homes for Oregonians.



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Since 1989, the credit has helped to build over 19,000 units, and during an in-depth look at the program in 2017, at that time 41% of the projects had been built in communities with a population of less than 50,000 people. NWU has used the credit to finance multiple projects in these types of smaller communities, and the credit has allowed us to more deeply income target units to ensure greater affordability.

NWU recently completed the preservation of a manufacture home community in Roseburg, called Newton Creek Manor. Newton Creek Manor is a 50-space community built in the 1960s/1970s. When NWU acquired the property in 2016, the park lacked paved streets, had no drainage system, and the sewer lines in the park had failed. The median incomes of Newton Creek Manor residents are about \$17,000 per year, and includes seniors on fixed incomes, veterans, and front-line service sector workers. For many, their home is their main asset, and Newton Creek was the option they could afford.

NWU assembled a financing package to purchase the park and replace and improve the infrastructure, totaling \$2.4 million. A crucial part of this package was a \$1 million allocation of OAHTC. Using OAHTC, NWU was able to secure a long-term permanent loan from the Network for Oregon Affordable Housing, and thanks to the program received an interest rate of 1.5%. With this financing, NWU was able to keep the space rents in the park at a rate that is affordable to residents. Without the OAHTC and other funds, to do the same scope of work at the park, NWU would have needed to double space rents to close to \$700 per month, a rate that would have been unaffordable to many existing residents.

NWU is currently using the OAHTC to support two Permanent Supportive Housing projects in Roseburg, including a 16-unit project dedicated to homeless veterans. We are planning to use the OAHTC in projects under development in Coquille, Coos Bay, and White City.

NWU fully supports HB 2584. Increasing the cap on this program to \$35 million per year is critically needed. Affordable housing developers will need every tool available to help rebuild after the wildfires, while continuing to respond to the overall affordable housing shortage. The draft Regional Housing Needs Analysis conducted in the summer of 2020 indicated that Southwestern Oregon needs 49,000 units in the next twenty years, a number that does not account for the impact of the wildfires or COVID19. Rebuilding the thousands of homes lost to the wildfires will take significant investments of capital, capacity, partnerships, and collaboration, and the OAHTC can be a key player in providing the lower cost financing that will be needed to support rebuilding efforts that do not result in displacement of lower-income Oregonians, including many farmworkers, people of color, and other historically marginalized communities.



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The proposed technical changes in HB 2584 would help expand using the credit for housing preservation projects. Preserving the existing affordable housing, especially of those rental housing projects that receive federal rental assistance from HUD or Rural Development and manufactured home communities, are critical needs in our smaller rural communities. We can ill afford a loss of housing that is affordable. Preserving small properties in small towns like Gold Beach, Port Orford, and Cave Junction are a complicated undertaking, but the fixes in HB2584 will provide more opportunities to utilize the OAHTC for these types of projects and expand the toolkit and financing available for these important projects.

We urge you to support HB 2584. Thank you very much for your time, for considering HB2584, and for your service to our state.

Sincerely,

Brian Shelton-Kelley
Director of Acquisitions and Development
NeighborWorks Umpqua



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