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March 21<sup>st</sup>, 2025

Housing Committee on Housing and Homelessness  
900 Court Street NE  
Salem, Oregon 97301

Dear Chair Marsh, Vice Chair Anderson, Vice Chair Breese-Iverson, and Members of the Committee:

Community Partners for Affordable Housing (CPAH) is a non-profit Community Housing Development Organization operating in Washington and Multnomah Counties. We develop and operate over 530 units of affordable housing, support our residents with services, and provide homeless services for Washington County.

CPAH writes in strong support of HB 2964 which calls for Oregon Housing and Community Services (OHCS) to provide more predevelopment grants and loans to non-profits doing affordable housing development. This funding is critical for local non-profit organizations to continue to develop housing in Oregon and address our state's severe housing crisis which is even more acute for low-income households.

As with most goods and services over the last few years, the costs of pre-development work have increased considerably. Also, the size of many new projects has increased and so has the economy of scale necessary to get a project to pencil. This means that projects' predevelopment budgets have increased dramatically.

Currently, CPAH has two projects working through the pre-development process which combined will provide 200 units of housing in the Portland Metro Area. To advance both projects to be prepared for financial closing to start construction, an investment from CPAH of over \$2.25 million is necessary for **each** project. For comparison, a project that CPAH closed in 2024 of a similar size to these two projects required a predevelopment budget of under \$1.5 million. That is a large increase in a short period of time and a large increase in the amount of capital for a local non-profit to invest in a project. **Without securing pre-development loans, the housing development work our agency does would be impossible.**

While CPAH has been fortunate to secure several pre-development loans for this work from private entities, these private predevelopment loans come with a cost in the form of a higher interest rate and other less favorable terms than would be levied by OHCS. These higher interest rates increase a project's total development costs. As well, many of these private sources of predevelopment funds want to ensure that a project has progressed far enough to ensure that project predevelopment funds will be paid back. This requires a considerable amount of up-front risk to be taken by non-profit housing development organizations when a project's full capital stack is not close to being fully committed.

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This is why public predevelopment loans and grants are critical. Public predevelopment loans are often some of the earliest predevelopment loans that can be secured by non-profits, which help alleviate the costs that must be carried by these organizations. Receiving predevelopment funding from OHCS would allow organizations like CPAH to continue to advance projects forward while other sources of funding are still being secured at a reduced cost and ensure that non-profit organizations' resources can continue to also be invested in other essential services these agencies provide.

In conclusion, CPAH is strongly supportive of HB 2964 to help support affordable housing development work done by local non-profits. Thank you for your service on behalf of all Oregonians.

Sincerely,

Mac Cunningham  
Housing Developer  
Community Partners for Affordable Housing

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