

Entry Name: A Public-Private Partnership to Preserve Affordable Housing
Category Name: Rental Housing – Preservation and Rehabilitation
Recognizes outstanding innovation in internal operations management to strengthen agency operations and achieve strategic objectives
Housing Agency: Oregon Housing and Community Services

Overview

The Oregon Housing Acquisition Project is a collaborative initiative to preserve at-risk affordable housing, featuring a website and a preservation database, inter-agency coordination, technical assistance for prospective purchases and sellers, and a revolving loan fund to provide short-term financing for the acquisition of at-risk properties.

Oregon ranks third among the state in the percentage of contract expirations anticipated to occur by 2013. Thousands of Oregon’s low-income residents could lose their homes as federal rental assistance contract expire. The state also risks the loss of hundreds of thousands of dollars of federal housing subsidies.

In response, a coalition of partners representing the state, local government, private for- and not-for-profit organizations are implementing strategies to preserve and improve housing for Oregon’s most vulnerable residents in every corner of the state.

A small investment from state government leveraged a huge amount of private sector resources to provide short-term financing for the preservation of affordable housing stock. Community leaders, lenders, philanthropic organization, and private business from across the state and nation have joined the effort to prevent the loss of affordable housing inventory.

When and why it was undertaken

Timing is critical. In the next six years, Oregon could lose thousands of units and hundreds of thousands of dollars in federal subsidies.

The state’s worsening economy has increased the need for affordable housing. Across the state, more than 60 percent of renters have incomes low enough to qualify for subsidized housing. At the same time, a significant number of federally subsidized housing project contracts will expire.

	Units to be Addressed		Replacement Cost of New Units	Estimated Federal Subsidies
	Units*	PBA Units**		
2009-10	3,477	3,046	\$695,400,000	\$219,312,000
2011-15	2,007	1,657	\$401,400,000	\$119,304,000
Total 2009-15	5,484	4,703	\$1,096,800,000	\$338,616,000

*Units listed are affordable housing units. **PBA units are affordable housing units that also carry an associated federal “project-based assistance” subsidy.

Some of the troubling facts about low-income Oregonians:

- Oregon’s unemployment rate is 12.2 percent, among a handful of states with double-digit unemployment.
- High housing costs force many families to choose between paying rent and meeting other basic needs.
- Oregon ranks third among the states for hunger, reflecting the difficult choices low-income residents face.
- In 2007, 82 percent of low-income households were renting housing more expensive than they can reasonably afford.
- The Federal Reserve Bank of San Francisco found that OR ranks 49th in rental affordability.
- 44 percent of Oregon renters cannot afford a two-bedroom apartment at fair market rents.

Obtaining permanent financing for affordable housing preservation can take a great deal of time. The Oregon Housing Acquisition Fund provides access to financing so that non-profits can take immediate ownership of expiring use projects as they come on the market. In essence, the fund allows housing to be preserved while the developer negotiates federal rental assistance contract renewals and assembles permanent financing resources.

What it has accomplished

The project has developed a database of at-risk properties, including HUD-Subsidized, state-financed Section 8 projects, Rural Development properties and Low-Income Housing Tax Credit properties. www.preserveoregonhousing.org.

Project staff provide outreach and education to residents of affected properties about the preservation process.

Relatively small state contributions attracted the participation of private sector lenders and philanthropic organizations. The initiative has capitalized the Oregon Housing Acquisition Fund at \$32.7 million dollars.

Source	Resources (millions)
Oregon Housing and Community Services	\$2.0
Foundations (MacArthur Foundation, Meyer Memorial Trust, Collins Foundation)	\$8.5
Bank Capital	\$22.2

The project has funded the acquisition of eight projects with 287 units by non-profit developers.

Why it is meritorious

The unprecedented coalition of public and private partners participating in the Oregon Housing Acquisition Project reflects the wide range of individuals and organizations that recognize the pressing need to preserve existing affordable housing as affordable for the long-term.

How it relates to the 2009 judging criteria for Rental Housing: Preservation and Rehabilitation

Innovative – the Oregon Housing Acquisition Fund brings together an unprecedented coalition of partners focused on a systematic response to the problem of expiring use projects, rather than relying on an ad hoc project-by-project response.

Replicable – The coalition operates transparently, and operates a model that other committed government and local partners can emulate.

Respond to an important state housing need – Oregon ranks third among the state in the number of federal subsidy contract at risk of expiration, with the bulk of housing at risk of conversion/expiration by 2013.

Measurable benefits to HFA targeted customers – continues as affordable, for the long-term, homes for very low-, low-, and moderate income Oregonians.

Success – the projects has already preserved 287 units and has received local and national recognition in the form of private foundation awards.

Provide benefits that outweigh costs – the innovative solution of identifying at-risk properties, facilitating a purchase, and then securing long-term financing provides many benefits, including those of an intangible nature. It prevents significant anxiety and disruption in the lives of residents and avoids the high costs of developing replacement units.

A revolving fund, the Oregon Housing Acquisition Fund resources will be available for new projects as the early projects secure permanent financing. This is particularly important as the need for affordable housing in Oregon greatly exceeds the available pool of housing tax credits, bonds, and grants.

Demonstrate effective use of resources – Brings together public dollars, private foundations, and lenders to maximize the impact of each fund source. Prevents the loss of affordable housing in the short-term, carving out time for permanent financing to come together, streamlines processes to reduce costs, and provides technical assistance that eliminates barriers to preservation.

Effectively employ partnerships – This is a unique and remarkable coalition of local and state government, private lenders, and philanthropic organizations working with non-profit developers in communities across Oregon.

Achieve strategic objectives – Supports the department’s mission of providing “leadership that enables Oregonians to gain housing, become self-sufficient, and achieve prosperity” by minimizing the loss of past investments in affordable housing development.