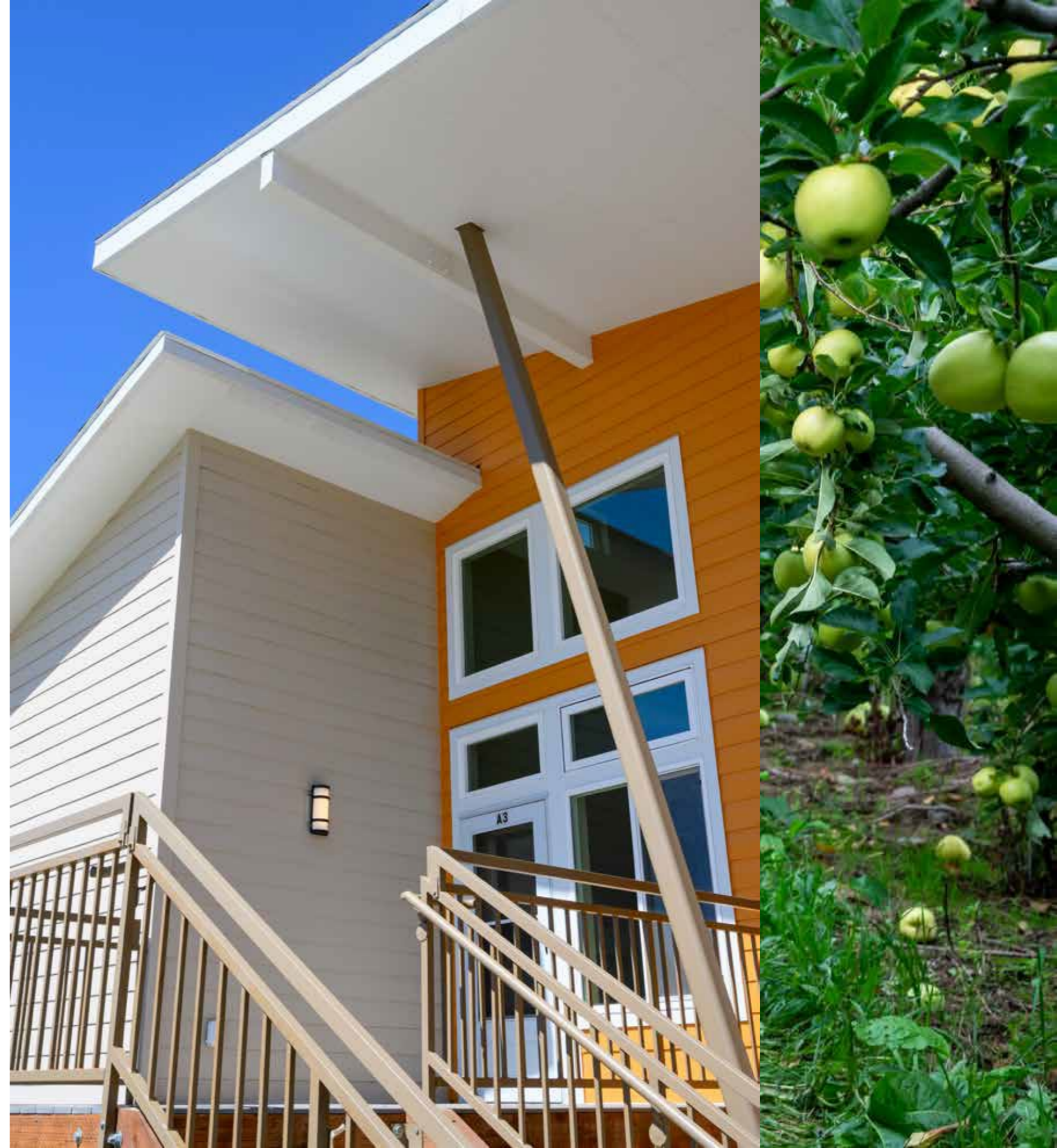


WELCOME

RURAL RENTAL HOUSING PRESERVATION ACADEMY

Local And State Policy

September 1, 2021



LAND ACKNOWLEDGEMENT

OUR VISION

A country where home and community are steppingstones to more.

OUR MISSION

To make home and community places of pride, power and belonging, and platforms for resilience and upward mobility for all.

PACIFIC NORTHWEST RURAL PRESERVATION ACADEMY



Overview and Introduction to Rural Rental Housing Preservation

- Rural Rental Housing Preservation in the PNW
- Overview of USDA Rural Development Housing and the 515 Transfer Process
- Strategies for Preservation: Case Studies
- Federal & State Housing Finance –Beyond RD

Basic Deal Structuring

- Pro-forma development
- Funding the gaps: private debt, Section 538 and alternative sources
- Capital Needs Assessment, Architects and Scope of Work
- Cohort breakout: offers a deeper dive into 515

Property Management/Community Engagement

- Property Management, Disaster Preparedness & Mitigation
- Community and Resident Engagement

Policy

- Local and State
- National

THANK YOU

OUR PARTNERS



Fannie Mae®

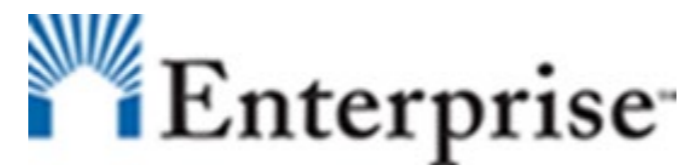
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OREGON HOUSING *and*
COMMUNITY SERVICES



LOCAL POLICY SUPPORT AND ADVOCACY



LOCAL POLICY TOOLBOX

- Notice and Right of First Refusal Laws
- Extended Affordability Periods
- Code Enforcement
- Information Collection- Preservation Database
- Policy Coordination
- Financial Incentives for Affordable Housing Production
- By-Right Development
- Zoning



NOTICE AND RIGHT-OF-FIRST-REFUSAL LAWS

- Require owners of rental properties to give residents advance notice of any intention to sell
- When combined with a right of first refusal allowing residents (or another qualifying entity) to match a legitimate offer to purchase the property, sets in motion a process that leads to the successful transfer of ownership either to the residents or to another entity willing to preserve the property as affordable over the long-term.
- Right-of-first refusal laws vary in the length of time, but typically range from 30 to 90 days.
- In some cases, the tenants either purchase the property themselves or transfer their rights to a nonprofit or mission-driven for-profit company that agrees to maintain the property as affordable rental housing.
- Two factors need to be put into place very quickly.
 - Tenants need to connect with an entity that has experience purchasing and operating rental housing
 - Funding is needed to make the transaction work. flexible acquisition funds/ land trust



EXTEND AFFORDABILITY PERIOD

- Extend affordability period
- Extended Land Use Restriction Agreement is often tied to funding (CDBG, HOME, local affordable housing set aside)
 - In 2019 Denver moved its affordability period to 60
- recognize that long-term ownership and maintenance of affordable rental housing requires financially strong entities that can sustain themselves over the long-term.



CODE ENFORCEMENT

- Well-executed code enforcement programs help to maintain the quality and the safety of existing units, thereby supporting preservation efforts.
- Code enforcement alone typically will not prevent the loss of units.
- This tool works best with other rehabilitation tools and funding streams
 - USDA-RD's Section 504 Home Repair program
 - Energy Outreach Colorado
 - If the units are unable to be salvaged by existing owner, way for the municipality to preserve them? Land Bank?



REDUCED/WAIVED FEES

- Local jurisdictions can encourage the development of new affordable housing by reducing or waiving fees for qualifying projects.
- A specified set of fees may be waived by city staff, while waivers of larger fees must be approved by the City Council.
- establish clear criteria for eligibility for fee reductions or waivers.
- Could codify a waiver for the entire jurisdiction or only in specified areas
- Some communities limit eligibility for fee waivers and reductions to non-profit developers while others make it available to all projects that meet affordability criteria, regardless of who develops them



INCENTIVES FOR AFFORDABLE HOUSING PRODUCTION/ PRESERVATION

- Local Housing Trust Funds – not just for large metro areas
- Flexible Preservation Funds
 - Funding to cover the “gap” between what it costs to redevelop a property and what can be raised through tax credits and private financing
 - Funds for the backlog of accumulated capital needs
 - Predevelopment funds to facilitate investigation of a preservation opportunity;
 - Funding to help a nonprofit or mission-driven for-profit act quickly to purchase an available property in need of preservation
 - Providing permanent financing for preserved properties
 - Providing loans to property owners to help them refinance without raising rents to such a level that they are no longer affordable.



POLICY COORDINATION

- Incorporate preservation concerns/goals into HUD-mandated Consolidated Plan - ensure that preservation initiatives align with other policy priorities.
- Council of Governments (COG) to create consistency from jurisdiction to jurisdiction
- Consistency with other funders (Dept. of Commerce, OHCS)
- Establish a Preservation Committee/Consortium public housing authorities, nonprofit housing developers, government agencies and other members of the community to support the effort prior an actual project
 - This is particularly important to make Right of First Refusal work



ZONING

- Parking Requirements
- Density Bonuses/Allowance for greater density
- Accessory Dwelling Units
- Consider “By Right” in lieu of case by case
- Inclusionary Zoning





State and Local Policy





- ❖ Certified nonprofit community development financial institution (CDFI)
- ❖ Formed in 1990 by Oregon banks to finance multi-family affordable housing
- ❖ \$315 million in loan capital administered across several loan programs
- ❖ Loan types offered include permanent, short-term acquisition, predevelopment, tax-exempt bonds, and RD 538
- ❖ Affordable housing advocacy and policy including preservation of affordable rental housing and manufactured housing





- ❖ Formed in 2007 to develop strategies to preserve affordable housing
- ❖ Partners include OHCS, the City of Portland, HUD, Rural Development and stakeholders from the public, nonprofit, and private sectors
- ❖ Philanthropy played a critical role, particularly Meyer Memorial Trust
- ❖ The OHPP Steering Committee established program goals and adopted strategies to respond to the threat of losing thousands of affordable homes
- ❖ Pursue a legislative agenda and advocate for dedicated preservation funding



Oregon Legislature Approves \$100 Million to Fund Preservation in 2021

How did advocates of affordable housing preservation secure \$100 million?

What are the steps/priorities for deploying these funds?

What types of projects rise to the top in terms of priority?

How has the state defined preservation?

What new or unusual preservation approaches have been suggested?



Dedicated Preservation Funding Allocated by the Oregon Legislature 2007-2021

2007-08	8,000,000	General Fund
2008 Special Session	2,000,000	\$1 mil General Fund & \$1 mil from OHCS
2009-10	16,300,000	Lottery Backed Bond Revenue for subsidized properties
	3,100,000	LBB Manufactured Housing Park preservation
2011-12	5,000,000	LBB for subsidized properties & MH parks
2013-14	5,000,000	LBB for subsidized properties & MH parks
2014	2,500,000	LBB for subsidized properties & MH parks
2015	2,500,000	LBB for subsidized properties & MH parks
2016	2,500,000	LBB for subsidized properties & MH parks
2017	25,000,000	LBB for subsidized properties & MH parks
2019	25,000,000	LBB for subsidized properties *
	15,000,000	General Fund for Manufactured Housing
2021	100,000,000	General Fund for preservation

Total: \$211,900,000

* The 2019 approved lottery bond sale was cancelled due to COVID



OHPP facilitated five policy discussion on priorities

OHCS conducted a partner survey in August

QAP revision – weekly stakeholder meetings through September

OHCS draft 2022-23 funding calendar and NOFA Frameworks

Note: \$100 million is general fund and must be obligated by June 2023





Aging HUD and RD properties with project-based rental assistance

Public Housing undergoing a full recapitalization

Manufactured Housing Communities converting to Coop or NPs

Rent restricted properties needing recapitalization

Small and rural preservation projects that can't easily use bonds/4% credits





Properties with project-based rental assistance (HUD & RD)

Manufactured Housing Communities converting to Coop or NPs

Public Housing undergoing a full recapitalization (RAD – Sec 18)

Definition expanded in 2021 to include all rent restricted properties

In some cases, these definitions are in statute





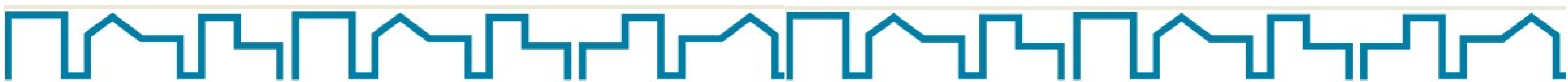
Combine preservation and redevelopment in single transaction

Create a pool of grant funds to streamline OAHTC transactions

Offer a set aside for Culturally Specific Organizations

Expand the 9% preservation set aside to include rent-restricted projects

Pursue legislative change to allow OAHTC pass-through exemption on PuSH





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A state income tax credit that produces lower rents for affordable housing projects

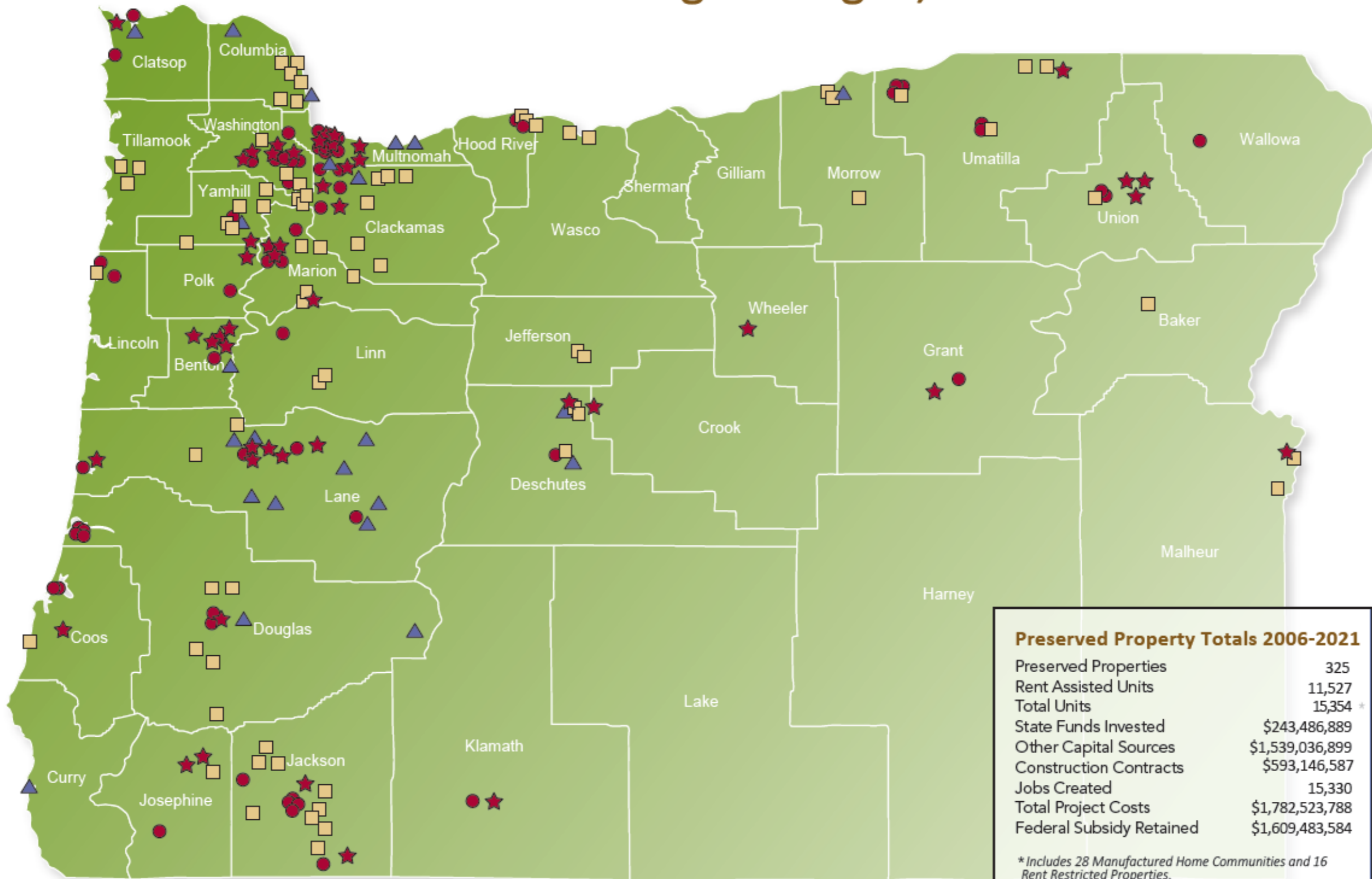
Banks reduce interest rates on loans for affordable housing by 4% and claim a state income tax credit equal to the lost interest income caused by the lower rate

Property owners agree to pass 100% of interest savings to low-income tenants in the form of reduced rents (Pass-Through requirement)

Preservation projects are exempt from the Pass-Through requirement which allows for larger loans reducing the need for other public gap resources!



Preserved Housing in Oregon, 2006-2020



Preserved Property Totals 2006-2021	
Preserved Properties	325
Rent Assisted Units	11,527
Total Units	15,354 *
State Funds Invested	\$243,486,889
Other Capital Sources	\$1,539,036,899
Construction Contracts	\$593,146,587
Jobs Created	15,330
Total Project Costs	\$1,782,523,788
Federal Subsidy Retained	\$1,609,483,584

* Includes 28 Manufactured Home Communities and 16 Rent Restricted Properties.
 Totals include estimates for projects funded but not yet closed.

★ HUD Section 8 New Funding ● No New Funding ■ Rural Development 515 ▲ Manufactured Housing Community

As of March 2021 - Includes projects funded after July 2006.