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Report to the 81st Legislative Assembly: Affordable Housing Land Acquisition Revolving Loan Program (LAP)

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In 2017, the Oregon Legislature passed [HB 2912](#) to establish the Affordable Housing Land Acquisition Revolving Loan Program (LAP). LAP assists organizations in the purchase of land for the development of affordable housing. Oregon Housing & Community Services (OHCS) provides LAP loans to local governments, local housing authorities, nonprofit community or neighborhood based organizations, federally recognized Indian tribes in Oregon, and regional or statewide nonprofit housing assistance agencies. These loans have a maximum 8-year timeframe. Loans are repaid upon construction financing and then revolved back into the program for future loans.

HB 2912 (2017) was funded through the repurposing of program dollars (\$2,500,000) already in the OHCS inventory. Regulations specify that 40 percent of loans shall go to organizations operating homeownership programs for low-income households. The remaining 60 percent, including any homeownership funding that was unable to be loaned, shall be loaned to eligible organizations for non-homeownership purposes, defined by OHCS as affordable multifamily rental housing.

Implementation of HB 2912 – *What is going right?*

LAP funding was available for application submittal as of November 19, 2018. Consistent with regulatory intent, 40 percent of loan funding was set-aside for eligible organizations operating Homeownership Programs with the initial six months targeted to rural applicants. The remaining 60 percent of the loan funds were set aside for organizations operating affordable rental housing for low income households targeting rural areas for the initial twelve months of program availability.

OHCS is pleased to report that all available loan funding has been utilized within the initial 12 months of program availability. OHCS funded one homeownership program in an urban location for \$630,000. OHCS has funded two affordable housing projects, both in rural areas for a total of \$1,870,000.

To date, OHCS has received positive feedback, the funds have been fully utilized within one year of implementation and the application process and policy framework have been working well. At this time, OHCS does not have additional funding to continue the program until loans are returned.



Implementation of HB 2912 – *What are the challenges?*

The challenges of the program have been few up to this point beyond standard program implementation issues and funding limitations. Further, because this program is within its first year since implementation, OHCS anticipates learning more about program challenges as partners begin building projects, initiating loan repayment requirements. Other milestones include an annual project check-in as established by the OHCS Housing Stability Council and a five-year planning update as established in statute. As these milestones are reached, additional information will be collected and shared in future legislative reports.

Next Steps – *How can we improve the program?*

At this stage in the program, it is still too early to determine how the program might be improved. Initial feedback from partners and full utilization of program funds are positive signs that the program is running as intended. We are anxious to monitor outcomes to determine the effectiveness of this excellent program concept.

As earlier stated, this program does not have funds. To increase the access of this program, particularly for land acquisition for affordable rental housing in urban areas, additional funds are required.