



Report to the 80th Legislative Assembly: Affordable Housing Land Acquisition Revolving Loan Program (LAP)

November 23, 2020

In 2017, the Oregon Legislature approved [HB 2912](#) to establish the Affordable Housing Land Acquisition Revolving Loan Program (LAP). LAP was established to assist “eligible organizations” purchase land for the development of affordable housing. LAP loans are made available to “eligible organizations” by Oregon Housing and Community Services (OHCS) and have a maximum 8-year repayment 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 “eligible 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 - *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 during the initial twelve months of program availability.

As was reported last year, all available loan funding has been utilized within the initial 12 months of program availability. OHCS funded one homeownership program in an urban location utilizing \$630,000. OHCS has funded two affordable housing projects, both in rural areas for a total of \$1,870,000. To date, none of these properties have moved to the construction loan stage (i.e. loans have not been returned).

Implementation - *What are the challenges?*

ORS 456.502 (13) outlines three performance measures to be established and measured to determine program effectiveness:

- The ability of eligible organizations to access land for affordable housing development;
- The total number of dwelling units by housing type and the total number of low-income households and persons served; and



- The financial efficiency of the program as demonstrated by certain factors, including the cost per unit developed for affordable housing units in different areas of this state and a measure of the effective use of funds to produce the greatest number of units for low income households.

At this early stage in the program we are unable to report on two of those three measures as none of the loans have resulted in development at this time. OHCS can report on the first measure through anecdotal evidence. Funding for this program was exhausted in 2019 and OHCS continues to receive inquiries for this funding. Based on these inquiries and conversations with potential applicants, additional resources in this fund could be very beneficial to affordable housing providers across the state.

The recent wildfires have increased interest in land acquisition and in this program. As communities look to rebuild, this program could increase opportunities for affordable housing to support mixed-income communities that will allow **all** residents to return.

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. OHCS may request additional resources for this program in the 2021 session, and the Agency is exploring the use of Article XI-Q Bonds for this program.

Land Acquisition Program Loans

Project Sponsor	Location	Date of Application	Application Type	Date of Loan	Amount of Loan	Current Status
NE Oregon Housing Auth	La Grande	4/5/2019	Rural Multifamily	10/4/2019	\$ 270,000.00	Moving forward using federal Low Income Housing Tax Credits, state Local Innovation Fast Track, and other resources. Expected to close in April 2021
Bend/Redmond Habitat for Humanity	Redmond	5/21/2019	Urban Homeownership	9/12/2019	\$ 630,000.00	Moving forward using state Local Innovation Fast Track. Expected to close in April 2021
NW Oregon Housing Auth	St. Helens	11/8/2019	Rural Multifamily	3/21/2020	\$ 1,600,000.00	Moving forward using federal Low Income Housing Tax Credits, state Local Innovation Fast Track, and other resources. Expected to close in 2021.