



7/14/2022

Dear Affordable Housing Advisory Committee,

Kôr Community Land Trust (CLT) is the premiere permanently affordable homeownership provider in the City of Bend, with 5 units completed, 5 under construction, and over 30 units planned to be developed by 2025. Kôr CLT uses the Community Land Trust model to ensure that upon resale, Kôr CLT homes resell perpetually to low-income households, without any additional subsidy needed. This model allows for the City of Bend to subsidize affordable housing once, but provide access to affordable housing for generations.

The City of Bend has invested in all of Kôr CLT's projects with Community Development Block Grant (CDBG), supporting land acquisition, pre-development and site infrastructure. And while typically CDBG is provided as a grant, the City of Bend provides it as a loan with the following terms: 0% interest deferment of payment for 20 years with a 10-year repayment to begin in year 21. A recent review of these CDBG funds during financial modeling has shown it to significantly limit Kôr CLT's ability to leverage other investments to build more affordable housing and preserve all of its housing long-term. **Kôr CLT strongly encourages The City of Bend to make their CDBG loans forgivable in order to ensure that Kôr CLT can build and preserve more affordable units to better meet the community's housing needs.**

Typically, CDBG is distributed as a grant and thus shows as an asset on non-profit affordable housing developers' balance sheets. This positioning is beneficial when other grantors and low-interest loan investors seeking to invest in an affordable housing project review the balance sheet. Unfortunately, with the City of Bend CDBG structured as a loan, it is shown as a liability on the balance sheet. This makes it difficult to leverage other investment for affordable housing projects. For example, Kôr CLT has \$700,000 in low-interest loan funds it could bring to its Poplar and Simpson projects that may be lost as a result of the large CDBG liability on Kôr CLT's current balance sheet. Moreover, private grantors are also reviewing the organization's balance sheet and want to see stronger organizational positioning prior to making investments. **Forgiving CDBG loans would allow Kôr CLT to leverage more funds for its City of Bend projects.**

If the CDBG loan is not forgiven, an option Kôr CLT would have would be to sell its workforce housing unit on each of its properties to pay back the City of Bend loans. This means that upon first resale of a homeownership unit serving a household earning between 80% - 120% AMI, the unit would be sold without an AMI cap, as those homes have no restricted funds associated



with them. The impact of the CDBG loan needing to be repaid causes the City of Bend to lose some of its only workforce housing units in the City.

Kôr CLT requests that the Affordable Housing Advisory Committee consider making the following CDBG loans forgivable, as well as any new CDBG loans awarded in the future.

- City of Bend 2018 CDBG award to Korazon \$185,000
- City of Bend 2019 CDBG award to Crescita \$284,210
- City of Bend 2021 CDBG award to Poplar \$350,000

If the City cannot forgive the loans at current date, Kôr would recommend matching loan terms to Oregon Housing and Community Services' Local Innovative Fast Tract terms which state that at loan maturity of 20 years, the loan can be repaid OR the borrower can choose to extend affordability for an additional 20 years for loan satisfaction.

Kôr CLT believes that discussions like these are the bedrock to a good partnership and is committed to working in partnership with the City to find a solution that supports more affordable housing development and preservation. If you have any questions or would like more modeling, please contact me at jackie@korlandtrust.org.

Thank you for your consideration,

A handwritten signature in black ink that reads "J. Keogh".

Jackie Keogh, Executive Director
Kôr Community Land Trust

CC: City of Bend Staff Liaisons: Lynne McConnell, Rachael Baker, Amy Fraley, & Deena Cook.