

HOUSING STABILITY COUNCIL



LOCAL INNOVATION AND FAST TRACK HOUSING PROGRAM DEVELOPMENT

FEBRUARY 5, 2016

Oregon Housing and Community Services

LIFT Background



- 2015 Oregon Legislature committed \$40 million of general obligation Article XI Q bonds.
- Housing Stability Council to provide guidance to OHCS as it develops the program.
- Housing Stability Council created two Subcommittees to explore key questions:
 - Policy Subcommittee
 - Financial Structuring Subcommittee
- Subcommittees held 3 independent and 1 joint meeting from September 2015 – January 2016
- OHCS staff drafted the LIFT framework based on these conversations and input from Governor, Legislators, Legislative Counsel, Housing Stability Council Subcommittees.

LIFT Background



The subcommittees were given the following parameters for program development:

- **Serve historically under-served:**
 - Rural Communities
 - Communities of Color
- **Stabilize vulnerable households**
- **Use innovative and replicable cost containment strategies**
- **Units available as fast as possible**
- **Maximize unit production**

LIFT Subcommittee Members



Policy Subcommittee Members:

- Mayra Arreola – United Way and Housing Stability Council
- Donna Bowman – Klamath and Lake Community Action Services
- Lois Day – Oregon DHS
- Sarah Drinkwater – Oregon Department of Education
- Kim Fredlund – Oregon DHS
- Jacob Fox – Housing and Community Services of Lane County
- Mary Li – Multnomah County Department of Human Services
- Rosa Klein – Oregon Health Authority
- Joel Madsen – Mid-Columbia Housing Authority
- Alejandro Queral – United Way
- Dr. Reginald Richardson, Oregon DHS
- Val Valfre – Washington County and Housing Stability Council
- Daniel Valliere – REACH Community Development
- Jason Walling – Oregon DHS

LIFT Subcommittee Members



Financial Structuring Subcommittee Members:

- Brad Bullock – City Real Estate Advisors, Inc.
- Aubre Dickson – Key Bank and Housing Stability Council
- Jason Elzy – Housing Authority of Jackson County
- Anna Geller – Geller Silvis & Associates, Inc.
- Sean Hubert – Central City Concern
- Ed McNamara – Turtle Island Development LLC
- Janet Merrell - Community Action Partnership of Oregon
- Nelda Newton – Wells Fargo Bank

LIFT Framework



Proposed program design addresses key elements:

- Outcome Goals
- Funding Allocation
- Population Served
- Financial Structure using Article XI Q Bonds
- Minimum Program Criteria
- Selection Criteria

Outcome Goals



- More affordable rental housing units available in rural communities with populations under 25,000
- More affordable rental housing units available that serve communities of color
- Vulnerable households are stabilized, measured through:
 - Length of time a household lives in a LIFT housing unit
 - Number of moves residents had in the previous 12 months
 - Measures specific to families referred through DHS:
 - ✦ Re-abuse / Re-entry rates for the families in the child welfare system
 - ✦ To be determined measure related to families on TANF
- Innovative and replicable cost containment strategies developed and implemented
- Units available as quickly as possible
- Increase in affordable housing inventory by at least 1,250 units

Funding Allocation



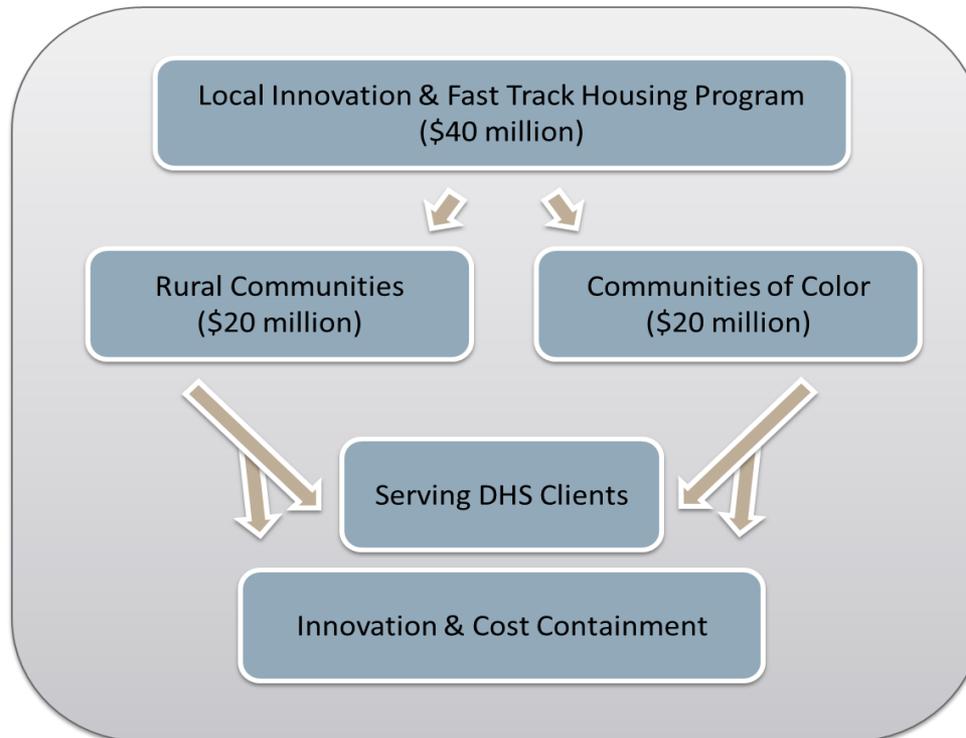
- **Fund Target:**
 - Rural Communities, \$20 million
 - Communities of Color, \$20 million
- **Defining Rural Communities:**
 - Communities with less than 25,000 residents, outside of the Portland Urban Growth Boundary
- **Defining Communities of Color:**
 - Project that is sited to prioritize housing opportunities for communities of color by serving to prevent or address displacement
 - Demonstrated partnership with a culturally specific organization; marketing and outreach plan designed to publicize housing availability and affirmatively further fair housing

Funding Allocation



- **Funding Paths:**

- DHS partnerships, target \$20 million
- Innovation and cost containment, target \$20 million



Population Served



- Family housing preference
- Oregon Department of Human Service clients:
 - Child Welfare
 - Family Self Sufficiency
- Unit affordability
 - All units funded with LIFT to serve 60% MFI and below

Financial Structure



- Article XI Q Bond funds require the State of Oregon to take an ownership or operational interest in the project.
- Unlike infrastructure projects, the State does not ordinarily maintain an ownership or operational interest in the housing it funds, this requires a different approach.
- Two approaches identified and recommended:
 - Operating interest: State of Oregon would be a limited partner or member. OHCS would be responsible for key aspects of the housing including: hiring and firing of the property management firm, leasing criteria, major repairs, and other substantive operating policies.
 - Ownership interest: There are a number of potential pathways to fulfill the ownership requirement, which revolve around a fee simple ownership structure. This may include a tenancy in common model, or ownership of the land by OHCS with an unsubordinated land lease.

Minimum Program Criteria



- Maximum LIFT subsidy per unit: \$32,000
- Minimum 20 year, or length of the bonds, affordability term
- 60% MFI or below
- No evictions if household becomes over income
- Construction standards – quality and durability
 - Both traditional and innovative alternative methods encouraged
- Project must be ready for occupancy within 30 months of reservation at a minimum
- Underwriting guidelines
- Developer Fee limitations
- Compliance monitoring

General Selection Criteria



- Lowest average median income served
- Lower LIFT subsidy per unit
- Shorter development period
- Plans to address equity and diversity in the project through the use of Minority, Women and Emerging Small Business (MWESB) contracting, sub-contracting, and professional services.
- Documented partnerships with one or more of the following: DHS field office, local Public Housing Authority, Community Action Agency, culturally specific service providers, rental assistance commitments, and/or resident services that meet the needs of the identified target population at little to no cost to the project operations.

Additional Criteria – DHS Partnership



Required ability to serve DHS tenants earning 0-60% median income on at least 10% of the units of a project (minimum 5 units).

DHS Partnership Selection Criteria:

- Located in communities with high need:
 - Subcommittee formula: nonwhite and Hispanic poverty rate, family poverty rate, child abuse and neglect victim rate, extremely low income household with severe housing problems
 - DHS identified based on caseload
- Ability to serve DHS clients in greater than 10% of the units
- Local partnerships in place and support for clients as they move out of DHS programs
- Locations near community colleges, schools, employment
- Ability for DHS placement or flexible resident screening criteria in order to remove barriers for DHS clients

Additional Criteria – Innovation & Cost Containment



Required for total development costs to not exceed market industry costs, based on the per square foot cost as reported in RS Means data based on location and project type

Innovation and Cost Containment Selection Criteria:

- Located in communities with high need:
 - Subcommittee formula: nonwhite and Hispanic poverty rate, family poverty rate, child abuse and neglect victim rate, extremely low income household with severe housing problems
- Lower total development costs per square foot
- Demonstration of innovative building design or innovative alternative construction methods to reduce costs and/or provide housing in expedited timeline
- Demonstrated efficiency and replicability of building development strategy
- Ability to serve lower incomes and provide units to DHS clients



DISCUSSION / MOTION

Oregon Housing and Community Services