Housing Stability Council

MEETING MATERIALS PACKET

October 04, 2019
9:00 a.m. – 2:00 p.m.
Oregon Housing & Community Services
Conference Room 124 A/B
Salem, Oregon 97301

Pomeroy Place
Beaverton Oregon
# AGENDA

**October 4, 2019**  
9:00 a.m.-2:00 p.m.  
Oregon Housing and Community Services, Room 124 A&B  
725 Summer St NE, Salem OR 97301  
Call-In: 1-877-273-4202, Participant Code: 4978330

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<td>Public Comment</td>
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<td>• Sept 6, 2019</td>
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<td><strong>Affordable Rental Housing Division (pg. 17)</strong></td>
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<td><strong>Multifamily Housing Transactions</strong></td>
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<td>• Commons on MLK Transaction - Brad Lawrence, Loan Officer</td>
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<td>• Affordable Rental Housing Program and Compliance – Administrative</td>
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<td>Charges – Caleb Vant, CFO; Natasha Detweiler-Daby, Senior Policy Analyst and Interim Multifamily Program Section Manager</td>
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<td>• Oregon Bond Loan Approvals – Kim Freeman, Single Family Program Manager</td>
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<td>• Homeownership Center Framework – Kim Freeman, Single Family Program Manager</td>
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<td>• Oregon Bond Demographic Info – Kate Srinivasan, Research Analyst</td>
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<td><strong>Housing Stabilization Division (pg. 43)</strong></td>
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<td>Kenny LaPoint, Interim Assistant Director, Housing Stabilization</td>
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<td>• Shelter $3.5 million framework – Andrea Bell, Homeless Services Section Manager</td>
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<td>• Spring 2019 Portfolio Preservation NOFA Awards Briefing – Tai Dunson-Strane, Tax Credit Program Manager and Natasha Detweiler-Daby, Sr. Operations and Policy Analyst</td>
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<td>• 2020 &amp; 2021 Funding Calendar Introduction – Natasha Detweiler-Daby, Sr. Operations and Policy Analyst</td>
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<td>1:00</td>
<td>Report of the Director</td>
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<td>Report of the Chair</td>
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*All times listed on this agenda are approximate and subject to change. Agenda items may also be taken out of order and addressed at different times than listed. The agenda may be amended by the Council at the time of the meeting.*
September 6, 2019
Oregon Housing Stability Council Meeting Minutes

Chair Valfre called the meeting to order at approximately 9:00 am.

**Agenda Item:** Roll Call

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*Arrived after 9am

**Public Comment:**

Jimmy Jones of Mid-Willamette Valley Community Action, Royce Bowlin of Oregon Alliance of Children’s Programs, Royce Markley of Jackson St Youth Services, and Vera Stoulil of Oregon Alliance of Children’s Programs provided public comment.

Ms. Stoulil urged Oregon Housing & Community Services (OHCS) and the Housing Stability Council to prioritize the 5 million dollars of competitive SHAP (State Homeless Assistance Program) funding for expanding the statewide homeless runaway youth system. She shared research, which showed that youth that are homeless are over 60% more likely to experience homelessness in adulthood. Ms. Stoulil went on to describe the ongoing health issues facing youth who experience homelessness, and emphasized the importance of investing in addressing this issue.

Mr. Jones pointed out that many adults experiencing homelessness have also experienced it in their youth. He stated that a common misconception about youth experiencing homelessness is that they are receiving services elsewhere. Mr. Jones clarified that this particular population (youth experiencing homelessness) does not actually have any specific program or service that is specifically dedicated to them. He clarified further that organizations such as DHS (Department of Human Services) aren’t able to provide certain services to youth experiencing homelessness, because they are usually unaccompanied by a legal adult guardian. Mr. Jones added that another misconception about this population is that they are potential criminals or a detriment to society in some way, but that oftentimes, young adults and teenagers that end up homeless are fleeing some type of abuse or have been abandoned by their legal guardians. He ended his statement by sharing that the SHAP funds can help to reduce the amount of adults experiencing homelessness 5-10 years down the road.
Mr. Markley shared his experience in the Oregon foster care system, and expanded on the factors that led him to experiencing homelessness in his youth. He shared information about the lack of stability, difficulties, and dangerous experiences he had during this time. Mr. Markley listed a few risks youth face when they experience homelessness such as drug abuse, human trafficking, falling into the criminal justice system, poor outcomes in school, and lack of social development. He ended his comment by expressing the importance of having resources specifically for youth experiencing homelessness.

Mr. Bowlin thanked the council for considering their request, and added that he hopes OHCS and the council will support funding for the runaway homeless youth population during the next legislative session. Lastly, Mr. Bowlin requested time on the housing stability council agenda for October or November for a more in-depth presentation and discussion.

Richard Swift, director of Clackamas County Health, housing and Human Services Department and Brenda Durbin, director of Clackamas County social services provided public comment on the shelter study.

Mr. Swift pointed out that information regarding the homeless population served in Clackamas County as being inaccurate, and added that the narrative was not helpful. He asked the council and OHCS to consider removing this information, or to consider adding a notation to clarify this part of the study.

Ms. Durbin provided responses to a couple of recommendations posed in the shelter study. She referenced the point in time (PIT) shelter/unsheltered count recommendation on page 213, and shared that Clackamas County social services would not support this. Ms. Durbin recommended including information from the coordinated entry system into those formulas for a more accurate picture of what the homeless population looks like. She added that they do not support the restriction on the flexible use of EHA (Emergency Housing Assistance), and explained that no federal funds go into prevention activities. Ms. Durbin strongly recommended that the state does not restrict the use of EHA, and added that Clackamas County uses EHA for prevention activities such as the coordinated entry system, housing rights and resources system, and their tenant education system.

Chair Valfre shared that information could not be removed from the report, but that it can be indicated that this information is unsubstantiated.

Chair Valfre asked if anyone else in the audience or on the phone would like to provide public comment. There was no response. Public comment was closed.

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**Approval of Meeting Minutes for July 12, 2019**

**Agenda Item**: Meeting Minutes Approval – July 12, 2019

**Motion**: Move to approve the Oregon Housing Stability Council Meeting Minutes from July 12, 2019

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Approval of Meeting Minutes for August 2, 2019

Agenda Item: Meeting Minutes Approval – August 2, 2019

Motion: Move to approve the Oregon Housing Stability Council Meeting Minutes from August 2, 2019

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Affordable Rental Housing Division: Julie Cody, Assistant Director

Multifamily Housing Transactions

Red Canyon Scatter Site Transaction - Brad Lawrence, Loan Specialist and Casey Baumann, Underwriting Manager

More information can be found here.

Councilmember Geller asked if Housing Works has a stable leadership team. AD Cody responded that they have a long-standing development team, and that her team does not have any concerns at this point in time.

Councilmember Sandoval commended the resident services portion of the project.

Chair Valfre asked for clarification in regards to the parking spots available for the tenants. Mr. Wooden, real estate director from Housing Works, clarified that there are more parking spots than indicated in the transaction memo. Chair Valfre then asked about agreements between this OHCS (Oregon Housing & Community Services) project and WorkSource. Mr. Lawrence responded that there is not an agreement with WorkSource, Chair Valfre asked AD Cody’s team to include more information regarding the cost of construction for future reference.

Agenda Item: Red Canyon Scattered Site Project

Motion: Move to approve Pass-Through Revenue Bonds in an amount up to and not to exceed $10,000,000 to Housing 4 Need LLC for the new construction of the project known as the Red Canyon Scattered Site Project, subject to the borrower meeting OHCS, Lender (Washington Federal) & Investor (PNC Real Estate) underwriting and closing criteria, documentation satisfactory to legal counsel and State Treasurer approval of the bond sale.
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**Red Rock Creek Transaction** - Casey Baumann, *Underwriting Manager* and Joanne Sheehy, *Loan Officer*

Councilmember Hall expressed appreciation for the MWESB (Minority, Women and Emerging Small Business) goals in this project. Councilmember Wilhoite agreed with Councilmember Hall’s comment.

Councilmember Sandoval expressed appreciation for the link between affordable housing and transportation.

Director Salazar asked OHCS staff to expand on the Opportunity Zone funding. AD Cody explained that the investor is using an opportunity zone investor vehicle and that this allows them to take advantage of these funds and have a higher rate for equity coming into the project. She continued to explain that this adds another layer of complexity to the transaction, but that it seems to be going well so far.

Councilmember Wilhoite asked if AD Cody’s team has been able to have a conversation with the contractors on this project about how they have been able to achieve the MWESB goals and if this is something that can be carried into other projects. AD Cody explained that they are beginning to do some outreach with the contractor to look at their strategy on work force development and MWESB contracting. She added that they would be doing interviews to ascertain what is working, what is not working, and how to get more contractors onboard with the same things.

Councilmember Geller commented on the transaction being in a suburban community, and emphasized the importance of achieving the same goals for rural parts of Oregon.

Councilmember DeVries commented on the income set aside, and asked if the 30% set aside required by LIFT (Local Innovation and Fast Track Rental) is part of the program or if it is a nuance between the two projects. Ms. Sheehy responded and explained that it is a nuance between the two projects, and clarified that it is 60% for LIFT on this project. AD Cody added that LIFT goes up to 60%.

Councilmember DeVries then asked about the management company for this project, and Ms. Sheehy stated that IPM (Income Property Management) has been selected.

Chair Valfre stated that he believes this is an excellent project and very needed in this area. He asked for
clarification regarding the cash developer fee information on pages 49 and 50, and indicated that the numbers did not quite match up. AD Cody indicated that her team would look at that information.

**Agenda Item:** Red Rock Creek Commons Apartments

**Motion:** Move to recommend to the Director to move forward to Housing Stability Council approval of Pass Through Revenue Bond Financing in an amount up to and not to exceed $7,600,000 to Red Rock Creek Commons Limited Partnership for the construction of Red Rock Creek Commons, subject to the borrower meeting OHCS, Boston Financial, and Chase Banks underwriting and closing criteria and documentation satisfactory to legal counsel and Treasurer approval for the bond sale.

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After the motion, Director Salazar shared that seven transactions were closed by OHCS in the month of August.

**Qualified Allocation Plan; Release for Formal Public Comment** – Tai Dunson-Strane, Tax Credit Program Manager, Mitch Hannoosh, Affordable Rental Housing Policy Analyst, and Natasha Detweiler-Daby, Senior Policy Analyst and Interim Multifamily Program Section Manager

More information can be found [here](#).

Director Salazar clarified that, historically, OHCS used existing inventory of affordable housing for the location factor scoring, but that OHCS is now using a different methodology based on need. Ms. Detweiler-Daby agreed with this clarification. Director Salazar then asked if this area of scoring was also discussed at last month’s housing council meeting, which included the overlay of the communities of color population. Ms. Detweiler-Daby confirmed this information.

Councilmember Geller asked the presenters to clarify if the QAP (Qualified Allocation Plan) changes every year or two years, and Ms. Detweiler-Daby explained that the state indicates when changes are made or required. Councilmember Geller asked what the relationship of this QAP is to the 4% tax credits. Ms. Detweiler-Daby answered and stated that it is updated every two years, and added that the QAP guides the 4% and 9% tax credit programs. Councilmember Geller then stated that she would like to know if this is for all credits or competitive credits. Ms. Detweiler-Daby explained that no substantial shifts were made in the way the 4% tax credit program functions, aside from what is clearly applicable. Mr. Dunson-Strane explained that the document outlines the requirements for non-competitive credits, which means the section 42 requirements. He added that it is really trying to call out the basic subsection of the 9% criteria, whereas the timing of the 4% tax credits is a two-step process. Lastly, he explained that the majority of their presentation is about the 9% tax credit, with the exception of income averaging.

Councilmember Geller asked if some of the contractor cost changes will be 4% and 9% credits, and emphasized the difference between the pricing. Ms. Detweiler-Daby explained that this part of the QAP
did not have any revisions. Councilmember Geller asked if the maximum overhead cost changed, and Ms. Detweiler-Daby stated that it did not. Director Salazar stated that a summary document could be created to summarize the changes between the 4% and 9% tax credits in the future.

Councilmember DeVries commented on urban renewal plans for local jurisdictions, and asked if there is any chance that a community would inadvertently be put at a disadvantage for not having a specific plan or access to special definitions. Ms. Detweiler-Daby responded and explained that OHCS’ capacity building efforts and technical assistance training initiative approach provides time to invest in capacity building for the coordinated entry system. She continued to explain that, for the PSH (Permanent Supportive Housing), the detailed web of relationships with our partners requires that there be a service provider that ties all those different pieces together. Ms. Detweiler-Daby added that they have more to learn about that, but they will make sure to have an equity lens on for that.

Councilmember DeVries commented on looking at the administrative burden more closely in future QAPs. She then provided comment on restructuring the points and looking at the regional breakdown, and asked if any of this has been data tested or applied this to any projects to see what the potential outcome may be. Ms. Detweiler-Daby stated that the design has been tested on some projects, but not in a comprehensive way. She added that this is something that her team can work on.

Councilmember Sandoval referenced information on page 61 about workforce development and firm registration, and emphasized how critical this is, particularly for rural areas. Councilmember Sandoval asked how this would actually look in practice. Ms. Detweiler-Daby shared that this strategy has been launched, and that OHCS will be hiring a specific staff member to focus on this work. Director Salazar stated that OHCS has begun having early conversations with colleagues at Business Oregon and the Governor’s office that work on the diversity and inclusion initiatives, to make sure OHCS can collaborate with them on the outreach work they are already doing. She added that OHCS would have a plan, which will come to the council in the next few months to provide an overview of where the agency is at with the MWESB work, and to get feedback on what else OHCS can be doing in regards to the outreach.

Councilmember Geller provided comment on the high-cost of construction and suggested providing more controls and incentives on projects. Director Salazar shared that OHCS is required to report key performance measures to the legislature around construction costs, and how they relate to industry norms.

Councilmember DeVries pointed out that there is no narrowing the field to new construction with the preservation set-aside. She observed that the scoring is used towards rehab, but may result in rehab being funded beyond the 9% tax credit, which may not be where the agency wants those dollars to go.

Councilmember Wilhoite highlighted the importance of maximizing funding in the most cost-efficient way, so that the resources are used as efficiently as possible. He then commented that he would like to see a higher demand than 10% for the tribal set-aside. Lastly, Councilmember Wilhoite asked if the pre-application is weighted in some way for the final approvals. Ms. Detweiler-Daby shared that her team is figuring out how to mediate that at the NOFA (Notice of Funds Available) level, and whether to make that commitment at the pre-application. She responded to Councilmember Wilhoite’s comment about the tribal set-aside, and stated that the meeting with tribal leaders went well. Ms. Detweiler-Daby added that they anticipate the demand for this set-aside will continue to grow.
**Agenda Item:** Qualified Allocation Plan (QAP) Update  
**Motion:** Housing Stability Council approves the release of the draft 2019 Qualified Allocation Plan, as presented [or with noted revisions] for formal public comment period.

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**Affordable Rental Housing Program and Compliance – Increase Charges** – Caleb Yant, CFO, Natasha Detweiler-Daby, Senior Policy Analyst and Interim Multifamily Program Section Manager

More information can be found [here](#).

Councilmember Wilhoite asked if there was any analysis about why some charges are lower and some higher, or why Oregon’s charges are different than other locations. AD Cody responded and explained that the state of Oregon has gap funds and is not stacking fees. Director Salazar added to AD Cody’s explanation by sharing that, because the agency has all these state gap funds, they have to administer all those programs.

Chair Valfre asked how much more funding costs are for Oregon compared to other states, and added that there is some potential pressure on organizations around this.

Councilmember Geller expressed concern about this cost, and Ms. Detweiler-Daby explained that the shift in the application charges go from per unit charge to a per application charge.

Councilmember Geller made an observation of the monitoring charge for asset property management, and asked for clarification. AD Yant clarified that asset property management charges are not fully covered with the monitoring charge.

Director Salazar stated that it is possibly be related to the HUD PBCA (Housing & Urban Development, Performance Based Contract Administration) contract. AD Cody added that this could be related to the changes IRS (Internal Revenue Service) made in regards to compliance, and clarified that it’s added 30%-40% more work. AD Yant shared that the agency has added a position solely because of the increase of work that AD Cody referenced.

Councilmember DeVries asked if the change is in fee structure and Ms. Detweiler-Daby confirmed that information. AD Cody emphasized that it increases cost.
AD Yant provided some context, and explained that OHCS did not ask for general funds in the last legislative session, because they would subsidize it with a conduit bond.

Director Salazar shared that this will be brought back next month, but that she understands the importance of looking at smaller projects, figuring out what the agency is incentivizing, and what some perceived barriers may be.

Councilmember DeVries commented on the dual costs, and asked if the administration of underwriting the gap loan are underwriting the 4%. She added that many states have a monitoring fee, and asked if the monitoring fee is addressed elsewhere and if it needs to.

**Homeownership Division:** Emese Perfecto, Assistant Director

**Oregon Bond Loan Approvals** – Kim Freeman, Single Family Program Manager

More information can be found [here](#).

**Agenda Item:** Residential Loan Program

**Motion:** Housing Stability Council approves the Consent Calendar

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**OHSI Update** – Cassandra Cooper, Eligibility Liaison

More information can be found [here](#).

**HOAP Program Framework: Down Payment Assistance** – Alycia Howell, Program Analyst

More information can be found [here](#).

Councilmember Hall clarified that the six cities and one county described in the materials packet had adopted the construction excise tax (CET) funding, and Ms. Howell confirmed that this information was correct.

Councilmember Hall asked if there is a sense from the partners to get the funding out the door without challenges and burdens within the administrative framework and goals. Ms. Howell explained that in the
previous program, with the 80% AMI (Area Median Income), they had some challenges in that respect. She continued to explain that it was hard to get someone with an 80% AMI qualified for that loan to buy the home in the areas where the homes had higher prices. Ms. Howell shared that the increase in AMI may make it easier to reduce the price of a home and to allow homebuyers to have a more affordable mortgage.

Chair Valfre referenced the questions under the “Housing Stability Council Feedback” portion of this agenda item, and specifically pointed out the first question regarding an increase of household maximum from $15,000 to $30,000. He provided comment on having the local area determine the increase. Chair Valfre asked what the percentage would be if loans were used, instead of grants. Ms. Howell explained that most programs have not charged an interest rate and some are forgiven over time. She added that the majority of the agency’s partners that use loans tend go with either of those options.

Chair Valfre asked if the CET funds that come to OHCS are put into one pot for any place. Ms. Howell explained that the agency has stipulated that the funding will go back to the jurisdiction that collects the funds in the down payment assistance program, or the funds would go to a partnering homeownership center. Chair Valfre provided some additional comment regarding a culturally specific AMI.

Councilmember Wilhoite asked if there is an income tax for locations that are recipients receiving a grant or a loan that does not charge interest. AD Perfecto explained that the agency held back on raising that dollar amount, because they do not have the information about the type of impact that would have. She added that her team would be working on getting this information.

**Agenda Item:** Framework for HOAP – Down Payment Assistance Program RFA  
**Motion:** Approval of the framework for the HOAP-Down Payment Assistance Program RFA

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**HOAP Program Framework: Homeownership Center Funding** – Vicki Massey, *Homeless Services Coordinator*

More information can be found [here](#).

Councilmember Wilhoite asked if it would detrimentally impact Oregon Housing Center, or other organizations that do not provide default counseling services, if the language in HUD is used. Councilmember Geller provided comment on the default rate.
Councilmember Sandoval requested clarification for the last question provided in the “Housing Stability Council Feedback” referencing the agency’s focus on assisting communities of color. Director Salazar explained that this question is seeking feedback about how and what services are defined, and that this definition may go beyond HUD’s definition. Councilmember Wilhoite and Sandoval both responded that the definition should speak to OHCS’ Homeownership Priority, including the focus on assisting communities of color. Councilmember Wilhoite recommended that the agency and council should be transparent about this, since it is a priority.

Chair Valfre agreed that there should be a baseline for the definition, and wondered if that would allow an organization to subcontract out to somebody else, if there is a capacity or staffing issue.

Councilmember Wilhoite asked the presenters if they have received any mixed signals based on the feedback from him or other councilmembers. Director Salazar shared that her take-away was that this service is important, but also nuanced. She added that they want to make sure they are not using a “one size fits all” model, and making sure needs are being met.

**Housing Stabilization Division** – Kenny LaPoint, Interim Assistant Director

**ACCESS Conversion to Shelter: 6th and Ivy, Medford** – Andrea Bell, Homeless Services Manager, Vicki Massey, Rent Assistance Programs Coordinator

More information can be found here.

Councilmember DeVries observed that the memo voted on during June’s Housing Council did include returning for more rehab funding. She asked for a full scope of funding allocations for future memos, so that councilmembers have that information ahead of time. Councilmember DeVries shared that this information brings up new questions for her. Director Salazar responded to Councilmember DeVries and explained that the agency will bring forward memos and requests that are more pieced together and have a more holistic overview. She added that the agency is becoming more accustomed to the new process, and will improve going forward.

Councilmember Geller asked if ACCESS Community Action Agency would come back to the agency for operating costs for running the shelter. Ms. Massey explained that one of the purposes of the EHA (Emergency Housing Assistance) funds is to assist with operating costs. She added that they do not have to come back to the agency, but that they can choose to use their EHA funding for this purpose. Councilmember Geller clarified that they already have the funding for this use, and Ms. Massey confirmed that this information is correct. Director Salazar added that this request is to allocate a certain amount of EHA funds that they have already received for rehab and operations. She further explained that the agency is not including any additional grant or funding for this organization, and are just authorizing it.

Chair Valfre observed that this memo was more loosely tied to the statewide housing plan (SWHP) than other materials presented to the council. Ms. Massey explained that the shelter is one way that underserved people are provided services, and that the objective of the services is to help that household reach their maximum potential. She added that the connection to an opportunity to receive services is enabled by having someone coming to a shelter.

Councilmember Sandoval expressed appreciation for the location of the project.
**Agenda Item:** ACCESS Conversion to Shelter; 6th and Ivy, Medford

**Motion:** Move to approve the request by ACCESS Community Action Agency to spend $449,217 in EHA 19 and $200,783 in EHA 20, for a total of $650,000 to convert commercial space into a permanent emergency shelter, which will increase shelter capacity by 50 beds in Medford, Oregon.

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**Shelter Study Recommendations** – Connor McDonnell, *Housing Integrator*, Andrea Bell, *Homeless Services Manager*

More information can be found [here](#).

Peggy McGuire, acting director of Community Services Consortium (CSC), Martin Campos-Davis, Executive Director of Oregon Human Development Corporation, and Brenda Durbin, Director of Clackamas County Social Services and chair of CAPO’s (Community Action Partnership of Oregon) Housing & Homelessness Committee, provided comment on the Shelter Study.

Ms. Durbin shared that she was interested in the report providing more information on the behavioral health issues, but stated that she does not want to equate homelessness with behavioral health. Ms. Durbin also shared her interest in data quality, and understanding the challenges that any entity would have in collecting data from a system that looks different in various parts of the state.

Mr. Campos-Davis discussed the farm workers services under the flexibility of EHA being administered during this biennium. He shared that farm workers tend to have different barriers to housing access, than most low-income Oregonians. Mr. Campos-Davis shared that the ongoing conversation around public charge has created a lot of fear in communities. He added that since many farm workers are of Hispanic or Latino heritage, that the language barrier has prevented many of them from receiving access to services. Mr. Campos-Davis explained the cyclic nature of agricultural work preventing farm workers from receiving housing services. He expanded on this point by explaining that farm workers are often laid off once the work is done, and they are viewed in a negative manner and as unemployed. Mr. Campos-Davis explained that the work history is cyclic in nature and in a typical hiring season, the farm workers may have 10-15 employers in a single season. He went on to state that, despite the amount of work they do, employers and landlords view that as unstable employment. Mr. Campos-Davis shared that his organization plans to do some community capacity building with partners that serve farm worker representation in Oregon, and landlord engagement.

Ms. McGuire explained that the EHA funds help provide preventative services, and shared that about 25% of individuals seeking preventative services in her community were able to receive those services last year. She emphasized that her organization was able to keep 520 people housed last year. Ms.
McGuire added that 45% of the people in her community were provided services that helped place them back into housing. She shared that the shelter study was great, but that it did not convey what service providers were feeling in the field. Ms. McGuire explained that the shelter study did not convey the urgency of the situation, particularly the overwhelming amount of community members experiencing homelessness. She provided councilmembers with anecdotes and examples of who experiences homelessness.

Director Salazar asked Ms. McGuire, Ms. Durbin, and Mr. Campos-Davis how the SHAP or EHA real estate are being used, and what the opportunities the $5 million in funding could bring.

Ms. Durbin responded first and stated that one-time allocations are great, but they are only provided one time. She explained that it does not help prevent long-term investment in certain areas of need. Ms. Durbin stated that another challenge with the one-time funding is the time constraint, particularly for planning purposes. She added that one-time funding could be linked to programs that provide longer-term security.

Mr. Campos-Davis stated that funding would be useful for farm workers that are not housed for certain periods time, since they move around the state for work.

Ms. McGuire stated that SHAP dollars can’t do everything that EHA dollars do, and emphasized that SHAP dollars are very specific to shelter. She shared that CSC sub grants out all of SHAP dollars to partners that do shelter work, and they subcontract with Jackson Street Youth Services in Benton County to provide pop-up shelters, resource tables, and outreach. Ms. McGuire continued to share various examples of the work CSC does with partners. She shared that the majority of EHA money is used for getting people in the community rehoused, or to provide homelessness prevention.

Councilmember Geller thanked everyone for their correspondence and feedback. She added that homelessness prevention is incredibly valuable, and emphasized the importance of flexible funding. Councilmember Geller asked if money is the primary reason certain areas do not have shelters. Ms. McGuire explained the struggle to find a site for a shelter, but added that most communities she has worked in have recognized the need for shelters. She stated the lack of funding towards prevention services would inevitably result in a higher number of people experiencing homelessness.

Councilmember Sandoval asked for clarification regarding the underrepresentation of farmworkers experiencing homelessness. Mr. Campos-Davis explained that many farmworkers are encouraged to implore housing on the farm where they are working, but that this could cause potential issues since they are residing on someone else’s property. He added that many farmworkers are underrepresented, because studies have shown that they tend to live in over-crowded situations due to lack of access to affordable housing.

Chair Valfre asked the presenters which of the two options they prefer provided in the shelter study memo.

Ms. Durbin expressed an interest in getting dollars out the door as early as possible, since this is a crisis, and added that warming shelters will be in need soon. Ms. McGuire shared that funding would be a drop in the bucket, compared to the need.
Councilmember Wilhoite asked what kind of impact that $150 thousand dollar grant would exert on a shelter, and wanted to make sure the grant would be sufficient for future projects.

Ms. Durbin shared that this would be sufficient for up to one year. Director Salazar explained that the amount was decided by state procurement rules that was externally enforced.

Councilmember Geller asked what the next steps would be. Ms. Bell responded and stated that they do have a “ready to go” list of properties. Director Salazar asked how soon the list could be provided, and Ms. Bell stated that it could be provided immediately.

Ms. Bell shared information about the innovation of shelter projects, and discussed the respite model where large capacity day shelters include opportunities to have cross-sector partnerships and hospital funding. She discussed holistic shelter design, rather than something similar to a more traditional pop-up shelter. Ms. Bell added that option 2 provides more opportunities for innovation.

Director Salazar explained that the study called out the work that needed to be done around coordinated entry, professional staffing of shelters, and the HMIS (Homeless Management Information System). She added that if funds are released quickly, the agency could do their best to create parameters and requirements. Director Salazar explained that the benefit to waiting would be to do this the best possible way they can, but that it cannot be done in a matter of a few weeks.

Chair Valfre stated that option one seems to have room for competitive awards. He asked if option two would be limited to one site, and Ms. Bell explained that it would be for multiple projects. She added that there is no specific population that has to be served, and this option allows room for a more diverse set of services.

Chair Valfre clarified that option one seems to be preferred amongst the councilmembers. Ms. Bell shared that they will come back with planning for the larger portion of the allocation so that the council can provide input.

**Report of the Director:**

Director Salazar shared that the affordable rental housing division at OHCS will be holding a stakeholder engagement day with development partners to discuss program framework, QAP, and several other items. She added that the agency is looking forward to the September legislative days and that the councilmembers will be made aware of any hearings. Director Salazar stated that they are anticipating a new housing stability councilmember, Barb Higinbotham, for confirmation as well.

Director Salazar shared that a new housing policy advisor, Shannon Singleton, may attend future housing council meetings or be in touch with councilmembers in the near future. She stated that the Housing Oregon gala will be held in Portland on the 18th and 19th of September, that OHCS will be attending, and Chair Valfre will be receiving an achievement award. Director Salazar updated the council on the NCSHA (National Council of State Housing Agencies) Conference happening in Boston in mid-October. She shared that OHCS will also be co-sponsoring a conference titled “I’m Home” about manufactured housing in Oregon in November with an organization called Prosperity Now. She added that a number of OHCS employees would be participating at this conference.

Director Salazar went over several groundbreakings and grand openings, and informed the council that they will be provided with additional information about this. She shared information about a convening
regarding veteran homelessness that OHCS staff and Chair Valfre attended, where the Welcome Home campaign wrapped up. Director Salazar shared that over five-hundred veterans were housed through this program. She added that the agency is interested in continuing to collaborate with various organizations to continue work in this area.

Director Salazar expressed her appreciation for Mr. Campos-Davis’ message about the public charge, and emphasized the policy’s potential impact on the immigrant population in the United States. She stated that Oregon has joined a multi-state lawsuit challenging the public charge. Director Salazar informed the council of upcoming updates regarding OHCS’ role in this matter.

Lastly, Director Salazar directed the council’s attention to a memorandum document regarding the councilmembers’ engagement with the statewide housing plan. She provided an overview of how the councilmembers will be involved in the statewide housing plan work, reporting, and updating process.

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**Report of the Chair:**

Chair Valfre provided a brief report and expressed his appreciation for the memorandum presented by Director Salazar, to OHCS staff and to the councilmembers.

Meeting Adjourned at 2:00 PM.
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Date  October 4, 2019

To:  Housing Stability Council
     Margaret Solle Salazar, Executive Director

From:  Brad Lawrence, Loan Officer
        Casey Baumann, Underwriting Manager
        Julie V. Cody, Director, Affordable Rental Housing

RE:  The Commons on MLK, Conduit Bond 4% LIHTC funding request

MOTION:  Move to approve Pass Through Revenue Bond in an amount up to and not to exceed $6,500,000 to Commons on MLK, LLC for construction of The Commons on MLK, subject to the borrower meeting OHCS and Umpqua Bank’s underwriting and closing criteria, documentation satisfactory to legal counsel and State Treasurer approval of the bond sale.

Overview and Location:

At the October 4, 2019 Housing Stability Council (HSC) meeting, we will be asking HSC to consider a motion to approve the funding of The Commons on MLK. This proposed project consists of one, 4-story, elevator-served building, and is 51 units of permanent supportive housing (PSH). The project will be located in Eugene’s Harlow neighborhood, near Autzen Stadium.
Funding History:
We are currently requesting approval for the use of up to $6,500,000 in Pass Through Revenue Bonds. Previously, this project was awarded $3,000,000, a combination of Mental Health Housing Funds (MHHF) and Housing Development Grant Program (HDGP) funds.

Funding Context:
This project uses non-competitive 4% Low Income Housing Tax Credits as well as MHHF and HDGP. This project received $3MM in MHHF and HDGP funds as part of a pilot program to test approaches to reducing barriers and increasing housing available for persons living with a serious and persistent mental illness and/or substance use disorder. These funds were approved for the project by HSC on July 6, 2018.

Project Sponsor and Partnership:
Homes for Good Housing Agency is the sponsor of The Commons on MLK, the Public Housing Authority (PHA) for Lane County, and the second largest PHA in Oregon. Since its creation in 1949, Homes for Good Housing Agency has served low-income people by providing housing opportunities and social services. Since 1993, Homes for Good has used the tax credit program to bring affordable units to Lane County. The Agency owns, manages, or has developed over 1,600 units of affordable housing, including 864 units of public housing and 497 units of tax credit financed housing. With considerable in-house capacity and expertise, the Homes for Good development team is experienced in completing projects with complex financing considerations like The Commons on MLK.

Homes for Good staff involved in this project offer a varied and extensive background in developing projects similar to The Commons on MLK. All projects listed below from the Homes for Good portfolio serve very low-income families and use a mixture of financing. All were completed within their proposed budgets. These developments were built using the Construction Management/General Contracting form of procuring construction services. In addition to having staff that specialize in financing and development, Homes for Good employs a team of three Contract Administrators who serve as Project Managers and Quality Control experts during the construction phase. These employees are specially trained in working with CM/GC contracting and will be assigned as the Owner’s Representative during the design and construction of The Commons on MLK.
The similar housing developments are as follows:

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<td>1997</td>
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**General Contractor:**

Meili Construction has extensive experience building affordable housing projects in Oregon. With an annual volume between $15 to $25 million, Meili is responsible for on average four projects annually and roughly 3,000 multi-family units total since they began in 1971. Homes for Good Housing Agency has a long history with Meili dating back to 1971. Since that time, they have worked together on over 15 affordable housing projects together.

**Management Agent:**

Quantum Residential manages roughly 1,600 Affordable units including LIHTC, Public Housing, Project Based, HUD, RD, and BMIR. The Compliance Manager, Kim Witt, has been working directly in affordable housing for 17+ years in multiple states. The Regional Portfolio Manager, Felicia Poe, has been in the industry for 20+ years, specializing in Affordable Housing. The owners of Quantum Residential, Kris Hanson and Kalib Locke, have over 30+ years in the industry combined, specifically in Affordable Housing.
**Notable Features:**
The ground floor for The Commons on MLK will mainly consist of a mix of peer support offices, private staff offices, meeting rooms, and an on-duty office with triage station. These areas will be utilized to provide voluntary supportive services to residents on-site and, through a rotation of the following staff, services will be offered 24 hours a day and 7 days a week. The staffing to provide the services include: three FTE Qualified Mental Health Associates Case Managers, three FTE Peer Support Specialists, 1 FTE Certified Alcohol Drug Counselor, one FTE Qualified Mental Health Professional, and one FTE Program Supervisor who will oversee and manage all supportive services staff.

**Policy Priorities:**
This project will help further multiple priorities outlined in the statewide housing plan, namely the Equity and Racial Justice, Homelessness, Permanent Supportive Housing, and Affordable Rental Housing priorities.

- **Equity and Racial Justice Priority:**
  - Community Demographics: According to the Lane County 2019 Point in Time Count (PITC), there was a 32% increase in the total number of people experiencing homeless from 1,641 in 2018 to 2,165 persons in 2019. Of those, 166 were children under age 18, 131 were transition-age youth (ages 18-24), and 1,868 were over the age of 24 years. The 2019 PITC saw more males than females, with a total of 1,513 males counted, 640 females, eight people who identified as transgender, and four people who identified as gender non-conforming. All of the people who identify as transgender were unsheltered. About 30% of the PITC population identified as female. The majority of those counted identified as non-Hispanic or non-Latino (92%), while 165 people experiencing homelessness identified as Hispanic or Latino. Seventy-six percent of the non-Hispanic/non-Latino population was unsheltered, compared to 65% of the total Hispanic/Latino population who were unsheltered.

  The majority of those counted identified as white, totaling 1,793 people in the 2019 PITC. This constitutes 83% of the total homeless population counted, while white people constitute 76% of the total population in poverty in Lane County. Seventy-five percent of white homeless people were unsheltered. Seventy-eight people (.04%) identified as black, with 62% of those experiencing unsheltered homelessness. Ten percent, 210 people, identified as multiple races, with 78% of those experiencing unsheltered homelessness.
Affirmative Fair Housing Marketing Strategies: The Commons on MLK will serve people experiencing chronic homelessness and will be referred by Coordinated Entry Central Wait List. Lane County Health & Human Services, by and through the Human Services Division, oversees the coordinated entry system for this region. Lane County staff participate in equity training as a regular part of their professional staff training required for employees. All Lane County Continuum of Care service providers are contractually obligated to practice Fair Housing standards related to marketing of PSH. Additionally, contracted agencies include a language plan within their management qualifications to address diverse language needs. Furthermore, Lane County best practices call for explicitly non-discriminatory front door assessments, compliance with Fair Housing practices, and provision of accessibility based on cultural and language needs through such means as language interpreters, assisted listening devices, and alternative communication methods. Front door assessments are available through 11 points of access including Centro Latino Americano, a culturally specific local organization, and through mobile outreach. Lane County Health and Human Services developed a racial disparities report in 2018 which identified that people of color were less likely to receive a “front door” assessment and permanent supportive housing. Lastly, Lane County Health and Human Services now conducts an annual racial disparity report in an effort to examine and increase racial/ethnic equity.

One group which helps Lane County connect with people that represent underserved populations is the Lived Experience Advisory Group for Unhoused Engagement (LEAGUE). LEAGUE is composed of 12 individuals, 100% of whom have “lived experience” with homelessness. These individuals represent people with disabilities, mental health and substance abuse issues, gender diversity, and racial-ethnic diversity. They provide feedback to County Commissioner appointed bodies like the region’s Continuum of Care Board (Lane County Poverty and Homelessness Board) and the Lane County Human Services Commission. LEAGUE also represents the geographic diversity of the county, with membership from the major metropolitan area as well as rural communities.

Contracting, Diversity, Equity & Inclusion: As Lane County’s public housing authority, Homes for Good is fully committed to a procurement strategy that achieves race and gender contracting equity while providing small business opportunity and local and regional economic growth. To this end, Homes for Good aspires to achieve at least a 12% MWESB (Minority-owned, Women-owned, and Emerging Small Business) utilization rate, which reflects the diversity
found in the Eugene metropolitan area. Homes for Good endeavors to provide MBE or WBE firms ease of access to its procurement process and provide MWESB vendors with the support necessary to successfully participate in its bidding process. Homes for Good follows HUD guidance, even on projects that may not utilize federal funds. HUD 24 CFR 85.36 Procurement (e) Contracting with small and minority firms, women's business enterprise includes the following steps:

- Placing qualified small and minority businesses and women's business enterprises on solicitation lists
- Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources
- Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises
- Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises
- Using the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce
- Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above

To date, selection of the Construction Manager/General Contractor (Meili Construction) and the Architect (Bergsund DeLaney Architecture and Planning) have occurred following the steps above. Bergsund DeLaney Architecture and Planning is a registered Women Business Enterprise and Emerging Small Business in the State of Oregon.

Consistent with the steps above Homes for Good requires that General Contractors and construction Manager/General Contractors make a Good Faith Effort to provide bidding opportunities to State certified Minority Business Enterprise/Women Business Enterprises (MBE/WBE) and Emerging Small Business (ESB) firms. Because there will be substantial subcontracting, the General Contractor, Meili Construction, will identify all economically feasible divisions of work and contact the appropriate state certified firms by letter, fax, or electronic communication at least 10 days prior to bidding closing.
- **Homelessness Priority**
  - All 51 units will be designated for those experiencing chronic homelessness, including individuals with severe and persistent mental illness and/or substance use disorder.

- **Permanent Supportive Housing Priority**
  - The Commons on MLK will provide 51 units of low-barrier, permanent, stable housing as the priority, while also offering the support services necessary to ensure each individual’s maximum opportunity for overcoming homelessness. The target population is people experiencing chronic homelessness with incomes at or below 30% of Area Median Income (AMI)

  - **Resident and Supportive Services:** Homes for Good Housing Agency (HGHA), has partnered with Lane County, acting by and through Lane County Health & Human Services (LCHHS), to develop the supportive services plan for The Commons on MLK. HGHA and LCHHS has partnered with ShelterCare as the service provider.

  Specifically, ShelterCare will provide the following:

  - **Case Management:**
    - Three on-site Case managers, qualifying as Qualified Mental Health Associates (QMHA), will follow an evidence based Intensive Case Management Model.
    - Case managers will engage in resident-involved planning and will provide services to: enhance life skills, address access to health and mental health care and support, provide linkages to identified services and supports, engage residents in meaningful activities, provide linkages to employment and educational services, and assist in building social and community relations.
    - Case managers will also build familiarity with available resources including mainstream supports, veteran resources, and supports through the Laurel Hill Center.
    - HGHA anticipates 33% of residents will participate in case management services.

  - **Behavioral Health Counseling:**
    - Counseling through an on-site QMHP will enable accessible Mental Health Care to residents qualifying as having a Serious and Persistent Mental Illness (SPMI).
The QMHP will utilize protocols, tools, and evidence-based practice to identify the level of service need and intensity of care and coordination for residents who engage in counseling services.

The QMHP will also utilize condition management and whole person approach to single and multiple conditions based on goals and needs identified by the individual.

Additional medication, medication monitoring, educational and processing group support, counseling, and health services will be available through Lane County Behavioral Health, which is located on the property and access will be supported by the on-site provider.

HGHA anticipates 10% of residents will participate in behavioral health counseling services.

Addiction and Substance Counseling:

- An on-site Certified Alcohol and Drug Counselor (CADC) will provide addiction and substance counseling.
- The CADC will assist tenants to anticipate, prevent, and manage the negative consequences of substance use or relapse.
- The CADC will work to reduce the harm caused by tenant’s substance abuse, focusing on goal setting and a harm reduction model.
- HGHA anticipates 10% of residents will participate in addiction and substance counseling services.

Peer Supports:

- Three Peer Support Specialists will provide additional, more informal support and wrap around services to residents.
- Because of their lived experience, the Peer Support Specialists create authentic peer-based connections and will be positive role models to the residents by offering hope and demonstrating that recovery is possible.
- The utilization of Peer Support Specialists is a best practice for housing stability with people who have serious and persistent mental illness, as well as substance use disorder.
- HGHA anticipates 50% of residents will participate in peer support services.

Healthcare Activities:

- This includes:
  - healthcare navigation support from Supportive Services Staff, including enrollment in Medicaid, some Medicaid-billable services
The Commons on MLK Recommendation

- on-site primary care including physical and preventative care
- located next door to Lane County Behavioral Health with on-site service option
- Substance Use Disorder/Behavioral Health treatment providers within 1 mile
- Transportation provided to healthcare appointments
- Medication adherence assisted by Supportive Services Staff
  - HGHA anticipates 90% of residents will participate in healthcare navigation support services.

• Affordable Rental Housing Priority
  - Homelessness in Lane County has reached a critical stage. In 2018, Lane County saw a 7% increase in the number of people experiencing homelessness, and a 13% increase over the past two years. A total of 1,642 people experiencing homelessness were counted in the 2018 Point-in-Time Count, and of those, 1,135 were unsheltered. When compared to regions with similarly sized populations, Lane County has the second highest unsheltered count in the nation. Populations with serious and persistent mental illness, substance use disorder, or both, experience heightened risk of housing instability, high use of emergency rooms and crisis service systems, and involvement with the criminal justice system. The rate of construction of affordable and low-income housing, especially for single homeless adults, is not keeping pace with the demand. The Commons on MLK is a direct response to this demand.

• Homeownership Priority
  - Not applicable; This is a rental property development

• Rural Communities Priority
  - Not applicable; This is an urban development

Risks and Mitigating Factors:
- Net operating expenses of $5,854 PUPA exceed OHCS guidelines of $4,600 - $5,200. This is mitigated by the necessity for higher anticipated repair and turnover expenses due to the target population of chronically homeless.

The pages that follow will provide more technical details on the proposed project.
**Project Detail: The Commons on MLK**

**Project Sponsor:** Homes for Good Housing Agency

**Property:** The Commons on MLK  
2315 Martin Luther King Jr Blvd  
Eugene, OR 97401

**Owner:** Commons on MLK, LLC

**Description:** The Commons on MLK will be a one building, four-story, 51-unit development located in the Harlow Neighborhood of Eugene.

**Affordability:**

<table>
<thead>
<tr>
<th>Funding Source</th>
<th># Units</th>
<th>% Income</th>
<th>% Rents</th>
<th># Years</th>
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</thead>
<tbody>
<tr>
<td>LIHTC/Bond</td>
<td>51</td>
<td>60</td>
<td>60</td>
<td>30</td>
</tr>
<tr>
<td>MHH/HDGP</td>
<td>51</td>
<td>60</td>
<td>60</td>
<td>30</td>
</tr>
</tbody>
</table>

**Target Population:** Homeless at or below 60% MFI.

**Environmental Review:** A Phase I Environmental Site Assessment was completed and did not reveal evidence of any recognized environmental conditions (RECs) in connection with the subject property.

**Finance Committee Approval:** OHCS Finance Committee Reviewed and Approved this Project to be Recommended to the OHCS Director and the Housing Stability Council on September 17, 2019

**Summary:**

The Commons on MLK consists of one, 4-story, elevator-served building located in NE Eugene, and will include 51 studio units. Along with 4% LIHTCs and tax-exempt bonds, The Commons on MLK will utilize OHCS MHHF & HDGP funds of $3,000,000 (awarded January 2019.)
Financing Structure:

**Construction Lender:** Umpqua Bank  
**Permanent Lender:** N/A  
**General Contractor:** Meili Construction  
**Equity Investor:** US Bancorp

<table>
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<tr>
<th>SOURCES</th>
<th>USES</th>
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<tr>
<td><strong>OHCS Sources:</strong></td>
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<tr>
<td>Tax Exempt Bonds (Short Term)</td>
<td>Acquisition $5,000</td>
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<tr>
<td>Short Term Use of Bonds</td>
<td>Construction $9,114,917</td>
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<tr>
<td>4% LIHTC Equity</td>
<td>Development $3,763,108</td>
</tr>
<tr>
<td>MHH/HDGP</td>
<td></td>
</tr>
</tbody>
</table>

| **Non-OHCS Sources:**        |                    |
| Oregon Health Authority      |                    |
| Lane County HIP              |                    |
| FHLB Des Moines AHP          |                    |
| City of Eugene HOME          |                    |
| City of Eugene SDC Waivers   |                    |
| Pacific Source               |                    |
| PeaceHealth                  |                    |
| Kaiser                       |                    |
| Trillium                     |                    |
| Deferred Development Fee     |                    |
| Cash                         |                    |

**TOTALS:** $12,883,025

Bond Structure:
The total tax-exempt conduit bond amount is $6,500,000, of which all $6,500,000 will be short-term used for the construction of the project. Umpqua Bank will be the construction
lender.

**Scope of Work:**

The Commons on MLK is designed to be one, 4-story, elevator-served building, and will include 51 studio units. The basic construction will be concrete slab foundation, wood frame, fiber cement siding, and a flat, built-up roof.

- Construction costs per unit are $178,724 ($269 per square foot). These costs are reasonable and consistent with comparable projects in the area.
- There will be 17 parking spaces on site making for a 0.33 parking spaces/unit ratio. This meets the code-required ratio of parking spaces/unit. Parking requirements vary depending on classification. In the case of the subject, it is a “Specialty Housing” project and only 0.33 spaces per unit are required. Conversely, if it were classified as multi-family, it would need to provide 1.0 space per unit.

**Project Schedule:**

- Closing is targeted for October 21, 2019
- Completion is anticipated to be October 2020
- Construction period is 12 months

**Developer Fee:**

The Developer fee is $1,500,000, which is 13.41% of total project costs calculated as total developer fee divided by total project costs less acquisition, developer fee, and capitalized reserves. This is below the OHCS maximum of 18%. The Developer is deferring $372,666, and it will be repaid within the sixth year of operation.

**Tenant Relocation:**

New Construction, Not Applicable
Affordability Restrictions:

<table>
<thead>
<tr>
<th>Unit Type</th>
<th># Units</th>
<th>Income AMI%</th>
<th>Rent AMI %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>51</td>
<td>60%</td>
<td>60%</td>
</tr>
</tbody>
</table>

- 4% LIHTC restrictions and MHHF/HDGP restrictions

Income:

OHCS – LIHTC and MHHF/HDGP commitment is for 51 units at 60% AMI Income and Rents. Additional restrictions include 7 HOME units at 50% MFI for 20 years through the City of Eugene. All 51 units will have project based Section 8 vouchers which will be issued through Homes for Good Housing. The PBVs will have 50% MFI restrictions and the contract will be for a term of 20 years with possible extensions to follow.

Operating Expenses:

Operating expenses of $8,403 PUPA include resident services offered for the project. For underwriting purposes the net operating expenses is used. This is calculated as “annual operating expenses” ($8,403 PUPA) – “resident services” ($2,549 PUPA) – “non-real estate taxes” ($0 PUPA) = $5,854 PUPA

Net operating expenses of $5,854 PUPA exceed OHCS guidelines of $4,600 - $5,200 PUPA. This is mitigated by the necessity for higher repair and turnover expenses due to the target population of chronically homeless

Debt Coverage Ratio:

There is no permanent debt, therefore there is no DCR. Analysis of the cash flow meets OHCS guidelines.

Location Amenities:

The subject offers an above average location for affordable housing in Eugene that has convenient access to supporting uses and commercial development in the area. The subject site is located within proximity to parks, supportive services, transportation systems, schools, and medical facilities as well.
Services in proximity to subject property:

- PeaceHealth Sacred Heart Medical Center – 1.6 mi
- Holt Elementary School – 2.4 mi
- Monroe Middle School – 2.1 mi
- Sheldon High School – 2.6 mi
- Sorrel Way City Park – 0.1 mi
- Natural Grocers – 0.7 mi
- Transit stop – 0.1 mi
- I-105 – 0.6 mi
- Police – 0.9 mi
- Fire – 1.7 mi

Resident Services:

Homes for Good Housing Agency (HGHA), has partnered with Lane County, acting by and through Lane County Health & Human Services (LCHHS), to develop the supportive services plan for The Commons on MLK. HGHA and LCHHS has partnered with ShelterCare as the service provider.

Specifically, ShelterCare will provide the following:

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The Commons on MLK Recommendation

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This includes:

- healthcare navigation support from Supportive Services Staff, including enrollment in Medicaid, some Medicaid-billable services
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- Substance Use Disorder/Behavioral Health treatment providers within 1 mile
- Transportation provided to healthcare appointments
- Medication adherence assisted by Supportive Services Staff
  - HGHA anticipates 90% of residents will participate in healthcare navigation support services.

**Amenities:**

**Unit Amenities will include:**
- Range
- Refrigerator/Freezer
- Private bathroom
- Bed
- Table

**Project Amenities will include:**
- Secured entry system
- Two elevators
- Pest control hot room for sterilizing beds and bedding between tenants
- Common laundry
- Lounge area
- Computer room
- Large ground floor space with mix of peer support offices, private staff offices, meeting rooms, and an on-duty office with triage station
DATE: October 4, 2019
TO: Housing Stability Council
FROM: Caleb Yant, Chief Financial Officer
Natasha Detweiler-Daby, Senior Affordable Rental Housing Policy Analyst and Interim Programs Manager
SUBJECT: Motion to Increase Administrative Charges for Affordable Rental Housing Programs

The following memo is intended to continue the discussion that occurred during September’s Housing Stability Council meeting. As a reminder, the proposed increase in charges discussed in September was predicated upon 3 goals:

- Create stability in programs and, where possible, ensures each program generates sufficient revenue to fully cover its cost of operations
- Maintains appropriate working capital reserves to ensure program costs are funded during times of reduced program activity
- Reduces dependency on state programs to subsidize operating deficits from federal programs, thereby ensuring long term financial sustainability of the agency

This memo includes feedback received from the Council, feedback received from stakeholders, and modifications to the proposal based on the feedback. We are asking the Council for approval of the following motion:

Motion: Approve the changes in administrative charges outlined in Table 1, with an effective date of January 1, 2020

<table>
<thead>
<tr>
<th>Ref #</th>
<th>Name of Charge</th>
<th>Amount</th>
<th>Prior Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Document Preparation and Recording</td>
<td>$750</td>
<td>$100 for Multifamily and $500 for Asset Management and Compliance</td>
</tr>
<tr>
<td>2.</td>
<td>Utility Consumption Modeling</td>
<td>$100 plus $3/unit</td>
<td>No Prior Charge</td>
</tr>
<tr>
<td>3.</td>
<td>Packet Review</td>
<td>$300 per review</td>
<td>No Prior Charge</td>
</tr>
<tr>
<td>4.</td>
<td>NOFA Application</td>
<td>The lesser of $2,500 or 0.5% of the total funds requested (not to exceed a total of $5,000 when paired with 4% LIHTC)</td>
<td>The lesser of $25/unit or 0.5% of the total funds requested.</td>
</tr>
</tbody>
</table>
Summary of Feedback Received:

OHCS sought input on the proposed increase in administrative charges during September’s Council meeting. Additionally, the proposed increases were shared during the “Funding, Planning & Alignment” stakeholder engagement sessions that occurred with Affordable Rental Housing stakeholders on September 9th. Below is a summary of that feedback grouped into themes:

- **Theme 1:** We must ensure small projects aren’t disadvantaged by the increased charges
  - Need to ensure the increased application charge isn’t an outlier as compared to other states, and isn’t a barrier to entry for smaller developers
  - Need to ensure our NOFA scoring accounts for small projects where the charges represent a proportionately larger amount of their development/operating budget

- **Theme 2:** We must ensure the increased charges are justifiable, particularly with regard to assessing both LIHTC and Gap funding reservations charges
  - Need to be ready for legislative inquiries on cost containment in developing affordable rental housing, and how these charges factor into that calculation
  - “Layering” Gap and LIHTC reservation charges is significant for projects/developers
  - A 50% higher charge if Gap financing is a loan versus a grant is significant
  - May face competition from other bond issuers related to the Conduit bond issuance charge
• **Theme 3:** Specifically from September 9th sessions, there were multiple suggestions related to the application charge.
  
  - Discount application charge if it’s not successful the first time and comes back in for subsequent NOFAs
  - Scale application charge to total project costs

**Modifications in response to Feedback:**

In response to Theme’s 1 and 3, the following changes were made to the proposal:

- The proposed application charge for 9% LIHTC was **reduced** from $5,000 to $3,500 based on the following rationale:
  
  - Smaller projects and/or developers are more likely to pursue the 9% LIHTC versus 4% LIHTC.
  - Of the states **OHCS compared the charges** to, 3 of the 19 were above the proposed charge of $5,000. With a reduction to $3,500, 6 of the 19 will be above the proposed charge

- OHCS NOFA scoring will scale subsidy/unit based on project sizes, ensuring small projects aren’t disadvantaged by the increased charges as a result of competing against large projects

**Other items of note:**

- In addition to reducing the proposed application charge, OHCS is pursuing discussions with philanthropy, notably Meyer Memorial Trust, to expand their existing scholarship options for small developers to provide funding for OHCS application charges
- Further, it is our hope that by providing a transparent funding calendar, scoring, and including pre-application feedback where possible, the number of applications any one project will need to submit before receiving reservations will be reduced
- As of 2017, OHCS’s legislatively approved [Key Performance Measure](#) on cost containment focuses solely on the **construction cost/unit**. Focusing on construction cost was proposed by OHCS and approved by our budget subcommittee, and is intended to focus the cost containment conversation on items that we have the greatest opportunity to influence

In response to Theme 2, OHCS will **not** assess a reservation charge when Gap funding is paired with a 9% LIHTC award, but will assess the reservation charge, as proposed, in all other situations. Functionally this will mean that projects applying for Gap resources to be paired with 4% LIHTC incur reservation charges for both. An additional change made in response to feedback is that the reservation charge will be due upon project closing rather than funding award. The modified proposal is based on the following rationale:

- Gap funding paired with a 9% LIHTC award causes minimal additional workload for OHCS staff. There is only 1 funding framework, 1 NOFA offering, 1 application, etc. Conversely, Gap funding awarded independent of 9% LIHTC is a more significant workload for OHCS. In general, following
the work of reserving the Gap resources they must then pursue another final application for 4% LIHTC which is not part of the 9% LIHTC process where reservation occurs through a NOFA

- A funding reservation charge is part of the eligible basis for 4% LIHTC transactions, meaning the amount of that cost is shared between the various funding sources in the project. Causing a developer to pay out of pocket at time of reservation would create a financial hardship however having that paid at the closing table allows it to be derived from the development financing. Ultimately, if for any reason the project doesn’t close, a reservation charge will not be owed

- Currently OHCS grants the majority of its Gap financing with the exception of XI-Q bonds for the LIFT and Permanent Supportive Housing programs. A constitutional requirement of XI-Q bonds is that a state agency must own or operate the development, and for OHCS that means we must show operational controls (such as an ability to hire/fire the management agent, etc.). This is a different level of risk mitigation and oversight required for these properties necessitating more effort and a different level of funding to pay for that effort

**Closing and Recommendation:**

As discussed in September, OHCS hasn’t adjusted administrative charges for the development of Affordable Rental Housing since 2006. The proposal and motion in this memo attempts to minimize the impact to existing and future rental housing developments while positioning OHCS to operate financially sustainable programs in times of significant state investments and when those investments are reduced.
Date: 9-24-19

To: Housing Stability Council

From: Kim Freeman, Single Family Section Manager

Re: Residential Loan Program

Recommended Motion: Housing Stability Council approves the Consent Calendar

Background: State statutes require the Housing Stability Council to establish a single family loan threshold for loans to be review and approved prior to purchase. The current threshold for single family loans includes all loans equal to or greater than 95% of the applicable area program purchase price limit.

Considerations:

1. The loan(s) under consideration is greater than or equal to 95% of the applicable area program purchase.

2. Staff has reviewed all of the following loan files and concluded that the borrowers and properties meet all relevant program guidelines for the Residential Loan Program. All required documents have been properly executed, received, and the loans have been approved for purchase. In addition to being approved by staff, the loan files have been underwritten by the applicable lenders and are insured by either FHA (FB), Rural Development (RG), or Uninsured (U) with a loan-to-value of 80% or less.

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<th>Monthly Mortgage Payment Pitti</th>
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<td></td>
<td>New (N) or Existing (E)</td>
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<td></td>
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<table>
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<tr>
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<tr>
<td>Principal Balance</td>
<td>$351,313</td>
</tr>
<tr>
<td>Loan-to-Value</td>
<td>101%</td>
</tr>
<tr>
<td>Insurance Type</td>
<td>RG</td>
</tr>
<tr>
<td>Rate</td>
<td>3.250%</td>
</tr>
</tbody>
</table>

Data Classification: 3
Date: October 4, 2019

To: Housing Stability Council
   Margaret Solle Salazar, Director

From: Emese Perfecto, Director Homeownership
       Kim Freeman, Homeownership Section Manager
       Alycia Howell, HOAP Program Coordinator

Re: Update - Framework for HOAP-Homeownership Center Program

Motion: Approval on the framework for the HOAP-Homeownership Center Program changes for a new RFA.

Goal Summary: In September the Homeownership Section presented the framework for the HOAP-Homeownership Center Program changes to Housing Stability Council. The topics for discussion last council comprised of the new Homeownership Center definition, Performance Measures including Incentives, and opening up for eligible organizations to apply statewide, in an effort to ensure equal coverage throughout the state.

Council Discussion: The concern of the Council particularly around the definition of Homeownership Centers that calls out the additional services of foreclosure and default counseling centered around capacity/resource issues. Council preferred the definition to be changed to add “may” or “can” include default or foreclosure counseling while allowing homeownership centers not offering the service to have a “memorandum of understanding” (MOU) with another homeownership center. Council does value these services but did not want to harm existing partners by making this a requirement. In addition, it was requested to include our racial and equity justice statement of services provided “particularly in communities of color” in an effort to align with our Statewide Housing Plan.

Overview of Stakeholder/Partner Engagement: As the Homeownership Section continues to work towards closing the racial equity gap in homeownership, we understand that partner communication is our most valued tool. Staff held a follow up partner call on September 16, 2019 to ensure that both the agency’s and partners’ understanding, and definition of “default” counseling aligned, to ensure equitable service to our communities.

We discovered in our conversations that while perhaps we were aligned in services and efforts, we were not aligned in terminology. In the partner call we learned that the “default” counseling we are seeking
for anyone in financial distress, be it a renter or homeowner, is currently being provided by many of our homeownership centers. However, they call it “financial capability” or “financial literacy” counseling, or for some that work with a homeowner, they refer to it as “post-purchase” counseling. Fundamentally, we are all seeking to ensure that a gap does not exist in services for clients that need assistance in managing their budget to work themselves out of a negative situation, in an effort to sustain their household. After the call we also received several emails from existing homeownership centers, and one interested in being a homeownership center responding to the discussion, with a little more explanation of the services they do or do not provide.

We did come across one homeownership center that indicated if a renter currently in their home buying program was having financial difficulties, they would assist the client with financial counseling. However, a renter not currently in their home buying program and not interested in signing up for their program, would be referred to a debt management company or “211” if they needed rental assistance funds.

In summary, it appears the original four core services currently required for Homeownership Centers are already being provided in the capacity we are seeking. There in satisfying councils concerns regarding capacity or resources for these homeownership centers. With the exception of the previously mentioned center, and possibly a center wishing to apply for funding during the open RFA.

**New Homeownership Center definition**: As the Homeownership Division continues its effort to apply an equity lens to all its contracts and policies, we endeavor to take steps toward analyzing and reviewing every opportunity to close the homeownership and housing stabilization gap for communities of color. With that in mind, we updated our Homeownership Center definition: “updated definition”: “an organization that assists in securing the future of Oregonians by providing Homeownership Counseling and Education, and Housing Counseling including financial or post-purchase counseling, in an effort to create stable households throughout the state, particularly in communities of color”.

We presented our updated definition to the Executive Team and received feedback that the changes reflect accurately the services the homeownership centers provide. The updated definition represents the services all of our current homeownership centers offer, as financial and post-purchase counseling is part of their “pre-purchase” and “home buying” counseling and education. The specific financial counseling to households in financial crisis either a renter or homeowner is still a concern and to ensure these households are served, the Executive Team requested we include in our RFA a requirement for homeownership centers not providing specific financial counseling, to have an MOU with another OHCS homeownership center to provide the needed service to households in financial crisis.

We will incorporate in our RFA for homeownership centers not offering financial or post-purchase counseling to households in financial crisis, a requirement to provide an MOU for services to be provided by another OHCS homeownership center, to ensure effective and standard services throughout the state. To ensure households are being served, we will include a tracking requirement for those homeownership centers referring to other centers. (data point requirements will be determined at a later date)

**Performance measures**
There were no questions or recommendations to make any changes to the performance measures listed in our previous framework memo, therefore, we will proceed as previously explained. Below are the items previously discussed for your reference:

The current framework around the Performance Measures consists of:

- Data Integrity
- Reports submitted on time and complete
- Service Areas
- Website Management

Resolutions for performance measure issues are minor and are based on ways OHCS can assist the homeownership centers to improve performance:

- Work out Plan
- Technical Assistance
- One on One Training
- Letter of Explanation
- Site Visit, as necessary
- Mini Application

Incentives for performing:

- Automatic funding
- Automatic renewal of Grant Agreement
- Limited to no monitoring

Geographic reach

There were no questions or comments in regards to opening up all counties in the new RFA and allow for potential additional homeownership centers to be included in the HOAP Homeownership Center Program.

We are working with our Research and Data Team to ensure we have updated data for our funding allocation for each county and will be looking into the best method to determine the floor amount to fund each awarded organization to ensure the program has the capacity to fund a counselor at each organization.

Equity and Racial Justice

With encompassing the performance measures in the updated Homeownership Center Program, we will have the opportunity to better align our homeownership centers with the same Homeownership and Rural priorities included in the Statewide Housing Plan. In addition, underserved counties, particularly in rural areas, the RFA will allow for additional organizations the opportunity to receive funding and provide the needed services to increase homeownership in an effort to advance equity and racial justice to these communities. In a continued effort to align our goals we will be reviewing data with an equity
lens to ensure outreach to disparate communities and communities of color are being served in an equitable manner with accountability measures for not meeting projections.

In addition, included in the RFA OHCS intends on requesting organizations’ strategies around how they are advancing diversity, equity and inclusion in their communities. This will also include data on the communities they serve and how they intend on serving communities of color and their plan for reducing racial disparities in homeownership in the services they provide. As part of the updated program, the Homeownership Section will be providing technical assistance to partners to assist with their goals in closing the gap to racial disparities and incentivizing those reaching the needs of their communities.

**Housing Stability Council Feedback:**
We are seeking additional feedback as needed, along with an approval of the HOAP Homeownership Center Program framework as presented with the recommended updates as stated above.

Date: October 4, 2019

To: Housing Stability Council Members
Margaret Solle Salazar, Director

From: Kenny LaPoint, Interim Assistant Director of Housing Stabilization
Andrea Bell, Homeless Services Section Manager

Re: $5 Million Shelter Surge Funding Framework

**Purpose:** To provide a briefing on the framework for the competitive award allocation of shelter funding. No HSC decision to be made.

In 2018, Governor Kate Brown expressed that she did not want any Oregonian to go unsheltered during the winter months and funds were secured through HB 5201 to provide additional resources to communities in need of additional winter and warming shelter beds. As OHCS worked to operationalize these one-time resources it became clear that we did not have a good handle on the capacity and needs of Oregon’s shelter system. In response, OHCS commissioned a Statewide Shelter Study and contracted with the Technical Assistance Collaborative (TAC) to conduct a study of emergency shelters in Oregon to obtain a deeper understanding of the current landscape of the homeless crisis response system, with a secondary purpose to provide OHCS with guidance and a set of recommendations regarding best practices for the statewide emergency shelter system. The Housing Stability Council was provided a copy of this study and staff presentations at the July and September Council meetings.

The 2019 Legislative Session brought OHCS historic levels of funding towards preventing and ending homelessness and included in this budget is a one-time allocation of $5 million specifically for shelter capacity. Capacity could be defined as activities including but not limited to the purchase or renovation of shelter, beds, staff, and other operational needs. In addition, HB 5512 stated that these funds were to be implemented in alignment with the results and findings of the Statewide Shelter Study. To meet both the imminent and long-term shelter needs, we are administering these funds through a bifurcated approach approved by Council at the September 6, 2019 Council meeting; approximately $1.5 million will serve communities through a direct award process specific for winter 2019 shelter and approximately $3.5 million will serve communities through a longer term competitive awards process.

From the Shelter Study, the primary takeaway is for OHCS to act with urgency and strategy in aligning best practices. The need for shelter exists for all Oregonians experiencing homelessness: People of Color, Veterans, LGBTQ+, Youth, Families, and Chronically Homeless, to that end, we are seeking to invest in diverse shelter projects that demonstrate increased capacity and equitable access. OHCS has developed a framework that outlines key program elements, standards, and guidelines that will be reviewed and scored in the competitive awards process which include:
Human Centered Design
Network Capacity
Alignment to Best Practices and Community Needs
Policy and Practice Expectations
Collaboration
Development Capacity, Financing and Site Control

Alignment with the Statewide Housing Plan

Priority: Equity and Racial Justice
Discussions about homelessness are often absent honest conversation and action about the racial dimensions of homelessness. Furthermore, the pathways out of homelessness for people of color are further complicated by ongoing discrimination across systems that have historically excluded them. OHCS has the responsibility of not perpetuating these wrongs through our role as a funder, ensuring that our grantees not only deliver services in alignment with our policy priorities but that these are put into practice. Applicants for this funding will be expected to utilize culturally specific outreach and service provision to ensure that shelter beds are accessible and available to our neighbors of color who are experiencing homelessness. Additionally, OHCS will expect that applicants are seeking to provide low to no barrier shelter opportunities; providing greater access across homeless populations including for people of color and LGBTQ+ community members.

Priority: Homelessness
Shelter is often seen as the “front door” for individuals and families experiencing homelessness to receive services. OHCS’ infusion of this funding into communities across Oregon will help open doors for opportunity for those seeking to exit homelessness. Every front door needs a back door; the back door out of shelter is non-time limited housing solutions. OHCS will ask applicants to show their plans for shelter exit into non-time limited housing solutions as they are available. In addition, OHCS will provide incentive points to shelter projects serving families with children.

Priority: Permanent Supportive Housing
Permanent Supportive Housing (PSH) is an evidence-based practice and intervention used to successfully house individuals with multiple barriers including but not limited to individuals that are chronically homeless and have co-occurring mental health/substance use disorder. PSH to fidelity, is model in which individuals pay no more than 30% of their income towards rent (if required) and have access to a rich, community-based array of services available up to 24/7. Commonly, individuals demonstrating a need for PSH are referred to this resource through the coordinated entry process during their time in shelter. Again, OHCS will ask applicants to show their plans for shelter exit into non-time limited housing solutions, such as PSH.

Priority: Affordable Rental Housing
N/A

Priority: Homeownership
N/A
Priority: Rural Communities
Similarly, to urban and suburban communities, many rural communities lack sufficient shelter. Many rural communities have had to utilize hotels or motels to meet imminent needs to a lack of shelter infrastructure. OHCS hopes to utilize this funding to build up shelter capacity and infrastructure in both rural and urban areas of the state, creating less reliance on hotels and motels and create a long-term shelter strategy.

Housing Stability Council Involvement and Next Steps:
At the October 4, 2019 HSC meeting, the Homeless Services Section is planning to provide the key elements for the shelter framework. At this meeting we anticipate a discussion and recommendations for how we should approach the review and scoring process. Based on this discussion, the Homeless Services Section will make adjustments and additions to the final framework that will be brought back to the Council for a decision at the November 1, 2019 meeting.

No decision needed at this time.
Date:  
October 4, 2019

To:  
Housing Stability Council Members  
Margaret Solle Salazar, Executive Director

From:  
Tai Dunson-Strane, Tax Credit Program Manager  
Natasha Detweiler-Daby, Interim Manager, Affordable Rental Housing  
Julie V. Cody, Director, Affordable Rental Housing

Re:  
Spring 2019 Gap Funds for OHCS Portfolio Preservation NOFA Results Report and Policy Analysis

Background:  
Housing Stability Council (HSC) allocated $10 million in gap funding resources to OHCS preservation efforts. Specifically, these funds were to be dedicated to preservation of affordable rental properties within the OHCS portfolio containing LIHTC affordability covenants in need of preservation. At the February 1, 2019 Housing Stability Council meeting the framework for awarding these resources, to leverage the 4% LIHTC program, was approved.

This memo serves to provide a high-level summary of the fund offering performance, including the applications received and next steps. Motions for approval are not being requested of you at this time, as each transaction will require Housing Stability Council approval along with their 4% LIHTC conduit bond, which occurs after sponsor fulfillment of all 4% LIHTC programmatic conditions.

NOFA Application and Responses:  
The Gap Funds for OHCS Portfolio Preservation NOFA was released on May 3, 2019 with an offering of $10 million. The NOFA included set-asides of 50% each for developments serving rural areas and urban areas. $1.8 million cap per project for Oregon Affordable Housing Tax Credits (OAHTC) were also included.

Responses to the Gap Funds for OHCS Portfolio Preservation NOFA were due on July 2, 2019, OHCS received three proposals with cumulative requests of $12.5 million and funding for 320 units.
Two proposals requesting approximately $9 million for 203 units were submitted for projects located in urban areas;

- One proposal requesting approximately $3.5 million for 117 units was submitted for a project in rural-urban areas scattered site;
- One of the proposals submitted cumulative requests of $1.8 million in OAHTCs.

**Urban set-aside: $5 million**

There were two projects applying for resources from the urban set-aside. After applying the selection criteria from the NOFA framework, Springtree Apartments and Alder House in Portland were identified for funding reservations. These projects obligated $5.0 million in the urban set-aside resources. As the NOFA allowed the use of additional resources to be added to the offering to fully fund a transaction, the OHCS Director chose to reallocate the remaining $1.5 million left over from the rural set-aside and allocate an additional $2.5 million in multifamily resources to preserve the total 203 units.

<table>
<thead>
<tr>
<th>Soft Set-Aside = Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Name</strong></td>
</tr>
<tr>
<td>Springtree Apts</td>
</tr>
<tr>
<td>Alder House</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

**Rural set-aside: $5 million**

There was one project applying for resources from the rural set-aside that had sites in both urban and rural areas. After applying the selection criteria from the NOFA framework, Orchards & Solhaven located in McMinnville and Clatskanie was identified for fund reservation. The project obligated $3.5 million, leaving just under $1.5 million in resources available.

<table>
<thead>
<tr>
<th>Soft Set-Aside = Urban &amp; Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Name</strong></td>
</tr>
<tr>
<td>Orchards &amp; Solhaven</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
Equity and Racial Justice Considerations
Consistent with the adopted NOFA framework, all applications for Gap OHCS Rental Portfolio Preservation are required to do the following in order to increase equity and racial justice in affordable rental housing development and operations:

- Seek opportunity to further equity through the use of Minority, Women and Emerging Small Business (MWESB) contracting, sub-contracting, and professional services for the project.
- Sign a Diversity, Equity, and Inclusion (DEI) agreement that outlines actions that the sponsor will take and/or is currently taking to increase diversity, equity and inclusion within their organization and in the services that the organization provides to the public.
- Upon unit turnover, and in managing project waitlists, all funded projects will be required to use Affirmative Fair Housing Marketing strategies to ensure access to the homes in accordance with best practices in fair housing.

Statewide Housing Plan Alignment:
With a focus on preserving affordable rental units, specific scoring and funding set-aside for rural proposals, and its focus on MWESB contracting, and DEI agreements, the LBB program and resulting housing meet the following Statewide Housing Plan priorities:

- Affordable Rental Housing
- Rural Communities
- Equity and Racial Justice

Policy Discussion:
Applications for Gap Rental were scored according to the process outlined in the NOFA framework (see Reference Gap Framework Selection Criteria on following pages), which served to prioritize preservation investments by restrictive covenant expire, physical risk of loss and impact to the community.

Overall this was a very successful offering. We were able to fund and preserve a significant number of units, statewide. The urban and rural set-aside groups, with the commitment of funds to the urban / rural scattered site project meant using $3.5 million in the rural set-aside and $9 million in the urban set-aside; over committing resources by nearly $2.5 million.

Together, this shows a very strong performance of the urban set-aside categories. Relatedly, this NOFA did not include any applications where all the sites were located in rural communities. To ensure equitable distribution of OHCS funds to rural communities, the Department has elected to adjust the set-aside to allocate 70 percent towards rural communities for the next upcoming small project NOFA.
Next Steps
All of the selected projects will now proceed through the 4% LIHTC funding process, which begins with a pre-application acceptance letter that lays out the next step due diligence items which must be completed, generally, within 90 days. Once a full application and due diligence is completed, projects are required to complete a construction closing within 180 days. All project transactions will return individually to Housing Stability Council along with their 4% LIHTC bond transaction for final approval.
Reference: Portfolio Preservation Framework Selection Criteria

<table>
<thead>
<tr>
<th>Primary Preservation Criteria</th>
<th>Points</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Affordability</strong></td>
<td>5 points</td>
<td>Older projects closer to end of useful life and affordability period.</td>
</tr>
<tr>
<td>Points will be awarded to proposed developments with a use restriction covenants that will expire within the next 20 years.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. <strong>Affordable Housing Stock Preservation</strong></td>
<td>5 points</td>
<td>Preserving affordable housing units in at risk areas.</td>
</tr>
<tr>
<td>Points will be awarded to a project that represent greater than thirty percent (30%) of the affordable units in the community.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. <strong>Building System Replacement</strong></td>
<td>10 points</td>
<td>Projects in need of envelope and major building system replacement.</td>
</tr>
<tr>
<td>Points will be awarded to a project that contain a building envelope issue and at least two major components in need of replacement within next 2 years.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. <strong>Life/ Health Safety or At Risk of Habitability</strong></td>
<td>10 points</td>
<td>Project addressing health safety and habitability concerns.</td>
</tr>
<tr>
<td>Points will be awarded to projects that contain units off-line due to health and safety hazards or projects that have unresolved critical repairs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. <strong>Critical Repairs</strong></td>
<td>10 points</td>
<td>Projects with critical repairs.</td>
</tr>
<tr>
<td>Points will be awarded to projects</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
that have substantial critical repairs as a part of the scope of work for a substantial rehabilitation. & total construction budget cost attribute to the cost for substantial critical repairs to qualify. & 

<table>
<thead>
<tr>
<th>6. <strong>Vulnerable Populations:</strong></th>
<th>5 points</th>
<th>Prioritize projects serving the most vulnerable populations.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Points will be awarded to projects that serve the most vulnerable populations</td>
<td>Project serving the veterans, elderly, persons with disabilities, previously incarcerated, survivors of domestic violence; or a project where twenty-five percent (25%) or more of the units are family sized three-bedroom or larger. Minimum of 10% of total affordable housing units or 3 units, whichever is greater to qualify.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7. <strong>Extremely Low Income:</strong></th>
<th>5 points</th>
<th>Extremely Low Income Households are vulnerable.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Points will be awarded to projects that serve the extremely low income households earning 0-30% Area Median Income</td>
<td>Project where the majority of residents are at or below thirty percent (30%) Area Median Income</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>8. <strong>Transit Oriented Development</strong></th>
<th>5 points</th>
<th>Preserving projects with solid transportation access provides residents with opportunities and access.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Points will be given if the project is located in an areas with a solid transportation infrastructure</td>
<td>Project located within a Transit Oriented District or with reliable access to public transportation</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Secondary Preservation Criteria</th>
<th>Points</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>OHCS Risk Rating</strong></td>
<td>5 points</td>
<td>Prioritize projects with serious financial issues operated by good sponsors.</td>
</tr>
<tr>
<td>Points will be awarded to projects with serious financial operated by sponsor currently in compliance with OHCS.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. <strong>Bundling</strong></th>
<th>5 points</th>
<th>Innovation to allow for 4% / LIHTC rural projects financially feasible.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Points will be awarded to scattered site projects bundling sites in urban and rural locations.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. <strong>High Performing Schools</strong></th>
<th>5 points</th>
<th>Preserving housing in areas of high opportunity.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project located near high performing elementary school. Defined by the Oregon Department of Education as achieving Level 4 or Level 5 on the school’s report card for Math Achievement for 4rd grade.</td>
<td></td>
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</tr>
</tbody>
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DATE: October 4, 2019

TO: Housing Stability Council
Margaret Solle Salazar, Executive Director

FROM: Affordable Rental Housing Division; Program and Policy Staff
Natasha Detweiler-Daby, Senior Affordable Rental Housing Policy
Julie V. Cody, Director Affordable Rental Housing

SUBJECT: Funding Calendar Introduction

This month the Affordable Rental Housing Division is planning to introduce the development funding calendar for the 2020 and 2021 calendar-years, in addition to the core funding frameworks to be adopted into each of the resulting NOFA offerings.

Developing this longer-term funding calendar has been supported by stakeholders; understanding that such information will allow for better project planning, give surety on upcoming NOFA offerings, and will help to further drive affordable housing investments toward the Statewide Housing Plan priorities.

In this first memo, staff will lay out:
- Resource Availability for 2020 and 2021
  - Including an update on the Permanent Supportive Housing (PSH) pilot effort
  - Resource Demands
  - Statewide Housing Plan Alignment and NOFA Principles
  - Proposed Funding Calendar
  - Key Policy Questions

In the memo that follows, staff will cover the development of proposed frameworks, including developing scoring principles, equity standards, and Statewide Housing Plan linkages.

**Resource Availability for 2020 and 2021**
The following are the estimated resources available for reservation in the 2020 and 2021 calendar years; given that we forward allocate resources, these amounts are likely to fluctuate modestly and will be updated accordingly at the time of NOFA issuance in order to ensure we are programming resources to the highest efficiency possible.
# Funding Calendar Introduction

<table>
<thead>
<tr>
<th></th>
<th>2020 Available</th>
<th>2021 Available</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gap Resources</strong></td>
<td>$20,000,000</td>
<td>$20,000,000</td>
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</tbody>
</table>
| General gap funding resources that can be loaned or granted to Affordable Rental Housing projects that serve 80% AMI or below. These resources can be used statewide for new construction, acquisition/rehab, and preservation of multifamily rental housing. Funding is derived from Document Recording Fees that go to the General Housing Account Program, as well as Public Purpose Charge which go to the Housing Development Grant Program. |}
| **Vets GHAP**        | $6,500,000     | $6,500,000     |
| Dedicated Veterans gap funding resources that can be loaned or granted to Affordable Rental Housing that serves 80% AMI or below. Can be used statewide for veterans multifamily rental housing. Resources are derived from Document Recording Fees that go to the Veterans General Housing Account Program. |}
| **LIFT**             | $75,000,000    | $75,000,000    |
| Local Innovation and Fast Track (LIFT) resources committed by the 2019 Oregon Legislature that can be loaned with a corresponding operational agreement, to Affordable Rental or Affordable Homeownership development projects that create new affordable units. With a focus on serving historically underserved populations including communities of color and rural communities, this resource is derived from Article XI-Q bonds, of which half will be sold in 2020 and the other half in 2021. Twenty percent of the resources are set-aside for Affordable Homeownership Development. |}
| **Permanent Supportive Housing (PSH)** | $20,000,000 | $30,000,000 |
| Resources committed by the 2019 Oregon Legislature that can be loaned with a corresponding operational agreement, to affordable multifamily rental housing projects including PSH units where an affordable unit has operational support (rent assistance), as well as supportive tenancy services. In addition to these PSH resources, the Oregon Legislature also committed resources in partnership with Oregon Health Authority (OHA) to develop an OHCS project based rental assistance program for up to 500 households, as well as supportive tenancy service funding through the OHA. These new resources are to be piloted through an existing effort which will serve to obligate $20 million in development resources; lessons learned from this effort will be used to create a funding structure for the remaining $30,000,000. This resource is derived from Article XI-Q bonds, of which $20 million will be sold in 2020 and the other $30 million in 2021. |
Preservation

<table>
<thead>
<tr>
<th>2020 Available</th>
<th>2021 Available</th>
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<tbody>
<tr>
<td>--</td>
<td>$25,000,000</td>
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Resources committed by the [2019 Oregon Legislature](#) that can be loaned or granted, to be used for the preservation of “existing properties with project based federal rental assistance contracts, public housing undergoing significant recapitalization or publicly supported housing as defined in ORS 456.250, or to preserve the affordability of manufactured dwelling parks”. This resource is derived from Lottery Backed Bonds, to be made available in 2021.

HOME

<table>
<thead>
<tr>
<th>2020 Available</th>
<th>2021 Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7,000,000</td>
<td>$7,000,000</td>
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</table>

HOME resources are allocated to OHCS from the Federal Department of Housing and Urban Development (HUD), these resources are guided through our state Consolidated Plan and this portion may be used for the development or preservation of affordable rental housing serving households at 50% AMI and below. OHCS distributes resources to all areas of the state that don't directly receive HUD HOME resources; this "balance of state" includes all areas of the state except for Clackamas, Multnomah and Washington Counties as well as the cities of Eugene, Springfield, Salem, and Keizer. Ten percent must be obligated to HUD certified Community Housing Development Organizations (CHDOs) and HUD has strict spending timeline protocols associated with their resources. This funding source is contingent upon federal appropriations.

National Housing Trust Funds (HTF)

<table>
<thead>
<tr>
<th>2020 Available</th>
<th>2021 Available</th>
</tr>
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<tbody>
<tr>
<td>--</td>
<td>$4,000,000</td>
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</table>

HTF resources are allocated to OHCS from HUD, these resources are guided through our state Consolidated Plan and this portion may be used for the development or preservation of affordable rental housing serving households at 30% AMI and below. OHCS is responsible for distributing these resources statewide. This is a more recent HUD program, and recent awards have done sufficient forward allocating to ensure that we meet stringent development timelines imposed by HUD; given this forward allocation and the desire to align resources with the PSH Initiative, we are proposing updating the use of this resource in the OHCS’s new Consolidated Plan (which needs to be in place for the 2021 calendar year). This funding source is contingent upon federal appropriations.

9% LIHTC

<table>
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<tr>
<th>2020 Available</th>
<th>2021 Available</th>
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<td>$10,000,000 annual credits</td>
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9% Low Income Housing Tax Credits (LIHTC) provide a tax credit for ten years to an investor, where the equity derived from the sale of the credit can be used for the development of affordable multifamily rental housing; this resource is guided by our state Qualified Allocation Plan. These resources are awarded to the state annually, based on population and federal policy.
## Oregon Affordable Housing Tax Credit (OAHTC)

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*Will provide an estimate during the HSC meeting.*

OAHTC is a lender tax credit that allows a loan for a project to have its interest rate reduced by up to four percentage points. In general the savings from that interest rate reduction must be passed on to tenants in the form of a rent reduction so, in new construction or acquisition/rehabilitation projects the credit serves to lower rents and meet the needs of lower income households. In preservation projects with federal rent subsidy and manufactured home parks, that savings pass-through is not required and the credit therefore allows the project to increase debt proceeds given the reduction in loan payment. This is a state tax credit; availability is contingent on not exceeding annual limits prescribed through the Oregon Legislature. (see policy question)

## Agricultural Workforce Housing Tax Credit (AWHTC)

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<td>$3,625,000</td>
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The AWHTC provides an annual tax credit to the owner of the housing development Agricultural Workers. The owner may utilize the credit themselves while contributing equity to the project or sell the credit to an investor for generate cash for development. Of the total annual credit, $750,000 is reserved for on-farm projects and $2,875,000 for community-based projects. This has been traditionally made available on a first-come first-served basis outside of other formal NOFAs; however that does not need to remain the case moving forward. The total credits available are based on the statutory cap on state tax credits. (see policy question)

## Oregon Rural Rehabilitation Loan (ORR)

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ORR provides loans for affordable multifamily rental housing that serves Agricultural Workers. The program was originally funded with a transfer of funds from the Oregon Department of State Lands. Currently the maximum loan limit is $100,000 or 35 percent of project costs for a maximum term of 10 years. The interest rate is one percent to nonprofits and three percent to for-profit borrowers. Any resources that remain or become available will be rolled into the subsequent years.
Other Resources:

In addition to the resources noted above, 4% LIHTC funding is available in a non-competitive application (the only limit on the use of these resources is our private activity bond availability); all projects are encouraged to use Multifamily Energy Program (MEP) resources for energy efficiency measures.

Permanent Supportive Housing Pilot Update!

As is mentioned in the resource table above, $20 million in resources was set up to launch a PSH initiative in partnership with OHA. Foundational to the Housing Stability Council adopted framework for this PSH Pilot (see page 65 of the April Housing Stability Council Packet) was a concerted Training and Technical Assistance effort for PSH project teams.

Staff launched this effort by holding a PSH forum, attended by over 80 housing developers and service providers. We plan for this broad public engagement to continue with regular public forums moving into 2020 in an effort to continue to build capacity.

For the PSH Pilot - OHCS has successfully entered into contract with the Corporation for Supportive Housing (CSH) who will lead a PSH Institute in Oregon. Project teams, consisting of the owner/developer, property management, and service providers will attend the several month long training to ensure successful delivery of PSH units. In addition, we will aim to commit the first $20 million in PSH development resources to projects that participate in this training cohort.

We received 29 applications for 10 spots in the first cohort of projects to enter a PSH Institute; project review is under way and we anticipate announcing decisions in the coming week. The first PSH Institute will kick off in November 2019! We anticipate making funding recommendations from the group of participants in early 2020. Stay tuned for more!
Resource Demands

In contemplating the funding calendar design, OHCS held two in-person public engagement sessions on September 9th, 2019. Approximately 40 attendees participated in either a morning or afternoon session where staff provided opportunity to explore development funding needs, as well as solicit feedback on NOFA design, Diversity, Equity and Inclusion, LIFT framework, the Project Development Manual, and NOFA Scoring Principles. The outreach materials can be found on our website; notes from these sessions follow this memo.

In addition to these in-person conversations, we are continuing to reach out to garner additional feedback from rural developers by working to gather and share analogous information via online survey; we will be able to report on this more complete engagement at our November meeting.

Together, the stakeholders have provided us with general project concepts that are in development for 84 projects comprised of over 6,500 units. As seen in the chart below, the vast majority of these concepts represent a focus on new construction of units in the state, with the majority of those projects being located in urban areas.

While a lesser portion of the above identified projects are preservation, the need for investment in these projects should not be under-estimated. OHCS closely tracks the expiration of projects with federal project-based rent assistance as well as those in the broader OHCS portfolio, in line with 2017 HB 2002 Publically Supported Housing (PuSH) Regulations, which require owners to provide public notice if opting out of affordability and also provides a first
right of refusal if an owner intends to sell. Determining the need to refinance / re-subsidize an affordable housing project is not as simple as the expiration date; instead it is a finer assessment of the project owner (ex: are they mission driven), the local housing market (ex: how much more could the owner charge without affordability restrictions), and the date of affordability restriction expiration. Meaning, that just because a project reaches its expiration does not mean it will be converted to market rate rents by default, however if a project does convert to market there can be a tremendous impact. In all cases, the affordable units would be lost to the community and often the low-income tenants displaced due to the inability to afford the rising rents. In cases where there is project-based rent assistance, those resources have the potential to be lost to the community if they are not able to be reassigned to another project or converted to long-term tenant based rental assistance.

In the next five years, our analysis indicates that there are nearly 40 HUD & Rural Development (RD) projects at risk of expiry where we are not certain whether the owner will choose to extend affordability, plus an additional 13 projects in the OHCS portfolio where we do not have certainty over the owners' intent upon expiry.

Statewide Housing Plan Alignment and NOFA Principles

In developing this funding calendar and NOFA strategies, it is our hope to ensure alignment with our Statewide Housing Plan using the approaches described below.

- **Equity and Racial Justice Priority:** in funding affordable rental housing development we intend to build the following principles into our NOFA frameworks:
  - Affirmative Fair Housing Marketing
  - DMWESB Construction Workforce Engagement
  - Resident Services; point incentive for meaningful culturally responsive partnerships with resources
  - Opportunity Area and Vulnerable Gentrification Area preference
  - Diversity, Equity and Inclusion (DEI) agreements

- **Homelessness Priority:** in developing fund offerings we would ensure that our NOFA frameworks give priority to:
  - Setting-aside units for those experiencing Homelessness
  - Setting-aside units for serving Homeless Veterans
  - Serving Lower Incomes
  - Including Project Based Rental Assistance

Note: OHCS will be bringing a more robust update on this program to Housing Stability Council in the coming months.
- **Permanent Supportive Housing Priority**: we have a Statewide Housing Plan goal of funding 1,000 PSH units during the 5-year Statewide Housing Plan period. In launching our PSH Initiative we will ensure that we are prioritizing:
  - Investment in PSH training and technical assistance
  - Inclusion of PSH units in projects where there are operational resources as well as supportive tenancy services
  - Projects serving those experiencing chronic homelessness with PSH

- **Affordable Rental Housing Priority**: we have a Statewide Housing Plan goal of increasing our funded project pipeline to 25,000 during the 5-year Statewide Housing Plan period. In developing NOFAs we will ensure that we are:
  - Producing a funding calendar to allow developers to plan resource needs and projects that meet OHCS policy priorities
  - Investing in capacity building opportunities
  - Including adequate subsidy to ensure project viability, while incentivizing leverage;
  - Including funding options for new unit production, service enriched production, and preservation;
    - Prioritizing unit creation in production strategies
    - Prioritizing resident service connections in service enriched housing
    - Prioritizing expiration and loss of subsidy for preservation

- **Rural Priority**: we have a Statewide Housing Plan goal of increasing our rural investments to fund 985 units in rural Oregon. In developing NOFAs we will work to ensure that we are:
  - Setting subsidy limits that are sufficient to develop in rural areas where there is less access to leveraged resources, and where the ability to carry debt on the project is impacted by lower area median incomes and therefore lower rents
  - Allowing rural investments under all development strategies
  - Targeting appropriate resource allocation to rural areas
  - Prioritizing rural investments in rural areas with access to appropriate services to ensure success

- **Homeownership Priority**: while these resources are dedicated to the development of affordable rental housing (aside from part of the LIFT resources), we can foster connections to the Homeownership efforts by:
  - Prioritizing investment in projects that include asset building relationships where appropriate, and
  - Allocating 20 percent of the LIFT resources to Affordable Homeownership Development.
  - Exploring homeownership education and asset building programs for residents at existing OHCS portfolio projects where appropriate
Proposed Funding Calendar

On the following page you will find the DRAFT 2020 and 2021 Funding Calendar which allocates the available resources profiled above into NOFA offerings that provide opportunity for New Construction, Acquisition / Rehabilitation, Preservation with an added focus on Permanent Supportive Housing, rural investments, and racial equity.
### Draft Resources

<table>
<thead>
<tr>
<th>Fund Offering</th>
<th>2020 Resources Included* (approx)</th>
<th>2021 Resources Included* (approx)</th>
<th>2020</th>
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<td>July - Sept</td>
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<td>$20 MM PSH detail TBD; $4 MM in HTF tbd OAHTC; Rent Assistance</td>
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*NOTE: Multifamily Energy Program will be included in all offerings that meet program requirements
Policy Questions:
Developing this draft calendar to be responsive to Statewide Housing Plan priorities and stakeholder feedback raised three primary questions, about which we are hoping to get Housing Stability Council feedback.

1. What guidance does Housing Stability Council have for OHCS regarding the use of OAHTC:
   a. in new construction or acquisition/rehabilitation projects where the OAHTC investment serves to reduce rents to serve those with lower incomes, VERSUS
   b. an OAHTC preservation investment which serves to lower the cost of borrowing money for the project.

At this point, we have not identified specific OAHTC resources for fund offerings; instead they are listed as “to be determined” or “tbd”. In order to answer this question we would like guidance from Housing Stability Council regarding the use of OAHTC resources.

OAHTC Context:
The 1989 Oregon Legislature created the Oregon Affordable Housing Tax Credit Program (OAHTC). Through the use of tax credits, lending institutions are able to lower the cost of financing by as much as four percent for housing projects or community rehabilitation programs serving low-income households.

In new construction or acquisition / rehabilitation projects the savings generated by the reduced interest rate must be passed directly to the tenant in the form of reduced rents. As initially conceived, the OAHTC was a unique state form of rental assistance. This approach furthers our Statewide Housing Plan objectives of serving more households that are extremely low income by reducing rents.

However, in the use of it with the preservation of projects with 25 percent or more federal project based rent assisted units or in the preservation of existing manufactured home parks, there is no requirement that the interest rate savings get passed on to tenants. As such, instead of reducing rents, the OAHTC works to reduce the cost of debt, and therefore lets the project leverage more resources to the project. This approach furthers our Statewide Housing Plan objectives of funding preservation projects by leveraging the OAHTC for additional project resources.

OAHTCs are sought after for a wide range of preservation and new construction projects; does Housing Stability Council have guidance around how these resources get deployed?
2. **Is Housing Stability Council comfortable with expanding our availability of OAHTCs to include out-of-cycle 4% LIHTC projects?**

**Context:**
OAHTC is a valuable resource which is currently only available within the existing funding cycles where it is requested in conjunction with other competitive OHCS offerings. In response to feedback, staff is proposing to allow developers the ability to request OAHTCs outside of funding cycles as an additional resource to be used in conjunction with a 4% LIHTC-only application.

By allowing for increased debt in preservation projects, OAHTCs will allow more 4%-only deals to “pencil”; these projects sometimes struggle to make a 4%-only financing structure work. New construction projects will benefit from this policy shift as well, as these production focused efforts will be able to serve lower incomes through rent reductions.

*What guidance would Housing Stability Council have regarding this use of OAHTCs; are there any preferences for project type or location that should be included, or the amount of resources allocated?*

3. **Should OHCS consider including the Agricultural Workforce Housing Tax Credit (AWHTC) in a NOFA, such as LIFT or the Small Project NOFA?**

The AWHTC provides an annual tax credit to the development of housing that serves Agricultural Workers. Of the total annual credit, $750,000 is reserved for on-farm projects and $2,875,000 for community-based projects.

This resource has traditionally been made available on a first-come first-served basis outside of NOFAs. Since these resources are disconnected from other gap or tax credit offerings, the community-based projects that have received these resources in recent years have had a difficult time securing complementary resources to balance their development budget. By structuring the AWHTC within a LIFT or Small Project NOFA the projects that serve agricultural workers would be able to more fully fund their development budget and facilitate faster development.

In initial vetting of this concept with the Agricultural Workforce Housing Facilitation Team, we heard consistent support for this change in approach. If supported by Housing Stability Council, OHCS would reach back out to applicable stakeholder groups to understand how this might best be implemented; including whether current practices
should be continued for another year in order to give adequate notice to sponsors who have been planning projects using the current independent approach.

*What guidance does Housing Stability Council have for our exploration of this AWHTC funding strategy?*

**Next Steps**

Staff will incorporate Housing Stability Council, and additional stakeholder comments, into a funding calendar strategy to bring to the November Housing Stability Council meeting for review, recommendation and action.

The following memo will review the detailed funding framework for the LIFT program, in addition to higher level principles that should be applied as the NOFA frameworks for the above listed resources and fund offerings.
On September 9th, OHCS Affordable Rental Housing Division Staff held a stakeholder engagement meeting to discuss upcoming funding opportunities and to garner feedback on a funding calendar and priorities for the 2019-2021 biennium; approximately 40 stakeholders participated.

Mapping the Pipeline

The session began with a discussion of OHCS’ funding goals and how they relate to the Statewide Housing Plan. Stakeholders were asked to map out their pipeline of upcoming, future, and ideal housing developments on matrices delineating where the project fit on the urban/rural scale and by number of units. This exercise was conducted for five project types: new construction, acquisition / rehabilitation, manufactured home parks, preservation (OHCS portfolio), and preservation (federal rent assistance).

Through the conversation debrief and chart reviews, there were several topics that were common throughout the conversation. The information below provides a high-level overview of the feedback raised in discussion.

Jurisdiction Alignment

- Need to ensure that funding from local jurisdictions is also considered in alignment conversations. Other resources would like to be able to coordinate with the state resources. There is also an opportunity to coordinate not just resources, but policies.

- Additional focus could be made to align state and local jurisdiction housing policies where there can be unanticipated conflicts.
  - Some jurisdictions don’t see preservation as a priority as it doesn’t increase overall stock. Is there a role that the state could play in demonstrating the market impact of preservation?
**Preservation**

- Opportunity to create positive messaging for affordable housing and particularly preservation as a homelessness prevention strategy.
- Preservation could use its own strategy.
- NOFAs should approach both the preservation of “preserving by purchase” as well as “preserving in your own portfolio”. OHCS should be clear if there is a priority for one or the other.
- Concern that developers cannot secure funding for rehabilitation until acquisition; is there a way to get these pre-development resources, with some assurances that once the property is acquired there will be rehabilitation resources secured.
- Beyond expiry, interest in a special fund to address construction defects.
- Impacts of relocation costs on large project preservation is a barrier – particularly 100+ unit projects.

**Rural**

- OHCS needs to understand the struggles of working to have a rural application that is competitive in funding rounds. Limited capital in rural Oregon; projects regardless of size in rural Oregon require additional subsidy.
  - This can mean point deductions when it comes to being competitively reviewed against other projects with a lower need for subsidy. As such, projects can’t carry as much debt and make fitting into the prescribed boxes of the NOFAs even more difficult.
- It was also mentioned that the rural strategies must be sensitive to some (but not all) rural communities having very low rents making affordability requirements break any potential deal. When market rents versus 60% AMI rents are so close there isn’t much room.
- Challenges with land availability; land and zoning issues. More work in this regard would be useful. Someone mentioned that DLCD was expanding their assistance in making land banking a possibility.
- There are expenses unique to rural Oregon. Particularly, the “scrubbing for land in rural areas” requires additional resources that simply would not be required in urban projects. It was suggested that perhaps OHCS could include funding for land to offset the cost of the project.
• Need to develop rural project strategies for COBID/DMWESB that are sensitive to economic realities in those areas. Participants would love to see the person creating the strategy actually coming out to rural areas to see the realities.

Additional Priorities
• Some participants pointed out that there isn’t a priority for senior housing.
• There was also input that it would be useful for OHCS to create a strategy regarding acquisition rehab versus it just being grouped with new construction.
• Immigration status as an issue that needs directive or feedback from OHCS. The topic should be addressed. Additionally we should make sure that we aren’t displacing people without verifiable income.
• Asset management resources – use of funds that is a small influx of cash that doesn’t require syndication. Small capital improvements that could extended project viability.

Small Group Discussions
The last half of the meeting was dedicated to small group discussions on five topics:
• LIFT 3.0 Rental Framework
• Equity and Racial Justice in NOFAs
• Guiding Principles in Project Scoring
• NOFA Standards
• Project Development Manual (PDM)

The following is a summary of the top level themes stakeholders provided in each of the five small group discussions.

LIFT 3.0 Rental Framework
• Stakeholders indicated a desire to remove the scattered site preference from the LIFT 3.0 framework and the next NOFA.
• There were a few requests to add an “outside the metro area” or “smaller cities” scoring category in addition to rural and urban scoring categories.
• We heard strong input that long term accountability is a must for service to communities of color to ensure developers are doing what they say they will in applications.
• There was a recommendation to require MOUs at application for services for communities of color.
• There was a suggestion from a few stakeholders to base subsidy caps on the bedroom size of units and to increase subsidies as number of bedrooms in a unit increases.
**Equity and Racial Justice in NOFAs**

**DMWESB**
- This is challenging in rural areas and will become increasingly challenging as fewer young people are entering the workforce in the trades.
- Many minority-owned contractors are not bondable. The supply of contracts is low.
- OHCS could allow the use of local contractors in place of DMWESB if none available.
- OHCS should be prepared to assist in the certification process of DMWESB and increasing capacity of this workforce.

**Diversity, Equity, and Inclusion**
- OHCS needs to provide a more formal definition of what Diversity, Equity, and Inclusion means. This should be standardized and in written form with clarity on the scope of work to be done. This will assist organizational partners to have similar conversations within their own organizations.
- It remains difficult to find culturally specific organizations to partners with, even when the need for the services is growing.
- Working and serving culturally specific communities should not be to only “check a box”.

**Tribal Set-Aside**
- There needs to be more alignment between OHCS and tribal governments.
- What constitutes a tribal project? Can it be sponsored or does it have to be owned by a tribal government or on tribal trust land?

**Guiding Principles in Project Scoring**
- Cost measures used in scoring needs to be nuanced across each strategy. Development cost limits and low subsidy caps are problematic for any project in rural areas or serving special needs populations. With costs in particular, there was a preference to benchmark targets instead of comparing the cost of projects in an application pool to each other.
- As we deploy our Permanent Supportive Housing (PSH) Initiative, we need to be clear about the definitions, required processes, subsidy available, and priorities.
• Need to integrate rural development priorities into all funding strategies; including Veterans, Preservation, and PSH. Otherwise, there is concern that those strategies will be more urban-focused.
• As a group, there was an appreciation for the visible response to feedback given over the last year so far by many of these stakeholders. Even where there was still some concern over how some of the principles would function, for the most part attendees gave OHCS credit for moving in the right direction.

**NOFA Standards**

**Timing**
• Calendar should be reliable & predictable, as that will allow potential applicants as well as other funders to align efforts. These calendars should remain static for a few years.
• Preference for consolidating resources and offerings; while some did express concern that having multiple offerings at the same time could lessen interest in the smaller offerings.
• The more predictable and faster the NOFA outcomes can be determined, the better, given that longer processing time results in longer holding costs for projects.

**Charges**
• Increase in charges will translate into increased development budgets; will be important to acknowledge this in cost assessments.
• Higher application charges is a potential barrier for small rural projects.
• Concern around layering reservation charges; doesn’t seem applicable in all cases.
• Ensure that the fees are clearly communicated.

**Standard NOFA Submission**
• Pre-application process should provide meaningful feedback on the likelihood of funding reservation.
• Construction hard cost estimates and Construction Need Assessments (CNAs) are hard to get in many cases; having the calendar to use for planning will help this.
• Writing narrative responses in excel can be difficult.
The PDM is intended to be used by the developer/architect of projects. It can be used as a checklist of sorts that ensures that developers are making sincere, good-faith efforts to construct a durable, sustainable, and quality product.

This PDM is an evolving document. As more outreach is centered around the PDM, the more refined and polished it will become. The agency recognizes that fairness is critical.

The PDM seems to portray an implied lack of flexibility in meeting the standards, when, in fact, the intent of the document is to provide creative paths to innovative solutions. However, OHCS must recognize that there is a connection between requirements and project cost.
DATE: October 4, 2019

TO: Housing Stability Council
Margaret Solle Salazar, Executive Director

FROM: Affordable Rental Housing Division; Program and Policy Staff
Natasha Detweiler-Daby, Senior Affordable Rental Housing Policy
Julie V. Cody, Director Affordable Rental Housing

SUBJECT: Affordable Rental Housing Funding Framework Introduction

The prior memo presented a high level draft of an Affordable Rental Housing Funding Calendar. While some of those fund offerings have existing adopted frameworks (9% LIHTC, HOME, PSH, and LIFT); this memo serves to introduce the funding frameworks for the balance of the offerings.

Developing this detail on future fund offerings has been supported by stakeholders; understanding that such information will allow for better project planning by understanding how the resources will be prioritized within a fund offering. The framework concepts in this memo were also discussed as part of the stakeholder engagement held in September 2019.

In this memo, staff will lay out:
- Elements to be included in these NOFA policy frameworks
- Draft Framework Elements
- Next Steps

In the memo that follows, the LIFT program manager will introduce the proposed revision to the detailed LIFT program framework.

**Elements to be included in NOFA policy frameworks**

In order to streamline NOFA offerings, staff are proposing to increase consistency in racial equity and scoring principles across offerings. Meaning, by measuring criterion such as serving lowest income households consistently across NOFAs or applying consistent measures for
assessing culturally specific partnerships, we increase transparency and reliability. Having multiple measures those principles or others, such as location accessibility is confusing and seemingly arbitrary. In order to best allow for this standardization, instead of presenting specific scoring criteria, these concepts are instead presented as scoring principles.

The principles for a NOFA will give staff direction when creating the NOFA document, as to what each NOFA scoring should work to prioritize and value.

In addition to Scoring Principles, these draft frameworks will also include Project Type, Eligibility, Geographic Targeting, and Equity. The final frameworks will include additional detail regarding any recommended funding caps.

Draft Funding Frameworks

The following pages include the draft NOFA frameworks for Housing Stability Council review.
## Draft Framework Elements

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<th>Fund Offering</th>
<th>Development Type</th>
<th>Geography</th>
<th>Scoring Principles</th>
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| 9% LIHTC NOFA | New; Acq/Rehab; Federal Rent Assistance Preservation | Statewide; allocated to regions | QAP determined | - Affirmative Fair Housing Marketing  
- DMWESB Construction Workforce Engagement  
- Tribal Set-Aside  
- Resident Services; culturally responsive partnerships with resources  
- Opportunity Area and Vulnerable Gentrification Area preference, points  
- Diversity, Equity and Inclusion (DEI) agreement, requirement  
- 9% LIHTC Regional Allocation formula; inclusion of communities of color |
| HOME NOFA | New; Acq/Rehab; Federal Rent Assistance Preservation | Balance of State | Consolidated Plan (*To be revised for 2021*) | - Affirmative Fair Housing Marketing  
- DMWESB Construction Workforce Engagement  
- Resident Services; culturally responsive partnerships with resources  
- Opportunity Area and Vulnerable Gentrification Area preference, points  
- Diversity, Equity and Inclusion (DEI) agreement, requirement |
| LIFT Rental NOFA | New Housing Units | Split between Urban & Rural | Detailed LIFT framework follows: generally Communities of Color / Costs / Partnerships / Equity | - Affirmative Fair Housing Marketing  
- DMWESB Construction Workforce Engagement  
- Resident Services; culturally responsive partnerships  
- Location Accessibility  
- Diversity, Equity and Inclusion (DEI) agreement, requirement |
| LIFT Homeownership NOFA | New Housing Units | Split between Urban & Rural | LIFT framework: Communities of Color / Costs / Partnerships / Equity | - Affirmative Fair Housing Marketing  
- DMWESB Construction Workforce Engagement  
- Resident Services; culturally responsive partnerships  
- Location Accessibility  
- Diversity, Equity and Inclusion (DEI) agreement, requirement |

Note; NOFAs in blue are guided by other frameworks
## Draft Framework Elements

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<thead>
<tr>
<th>Fund Offering</th>
<th>Development Type</th>
<th>Geography</th>
<th>Scoring Principles</th>
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<tr>
<td><strong>Permanent Supportive Housing (PSH) NOFA</strong></td>
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<td>Pilot: existing framework $30 MM offering to be developed based on lessons learned from Pilot</td>
<td>Affirmative Fair Housing Marketing, DMWESB Construction Workforce Engagement, Resident Services; culturally responsive partnerships, Diversity, Equity and Inclusion (DEI) agreement, requirement</td>
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<td><strong>Preservation NOFA</strong></td>
<td>Federal Rent Assistance and Publicly Supported Preservation</td>
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<td>Risk of Loss; Impact to tenants; Physical condition needs; Community supply / need; Family sized units; Compliance Risk</td>
<td>Affirmative Fair Housing Marketing, DMWESB Construction Workforce Engagement, Resident Services; culturally responsive partnerships, Diversity, Equity and Inclusion (DEI) agreement, requirement</td>
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<tr>
<td><strong>OAHTC for 4% LIHTC</strong></td>
<td>for 4% LIHTC project without other OHCS resources: New; Acq/Rehab; Federal Rent Assistance and Publicly Supported Preservation; Manufactured Home Park Preservation</td>
<td>Statewide</td>
<td>Policy Question: is HSC comfortable using OAHTC for 4% transactions; Policy Question: aside from broad ties to the Statewide Housing Plan Priorities, does HSC have guidance regarding their use for New versus Preservation projects</td>
<td>Affirmative Fair Housing Marketing, DMWESB Construction Workforce Engagement, Diversity, Equity and Inclusion (DEI) agreement, requirement</td>
</tr>
<tr>
<td><strong>Manufactured Home Park Preservation NOFA</strong></td>
<td>Preservation of existing Manufactured Home Parks</td>
<td>Statewide</td>
<td>First Come First Served</td>
<td>Diversity, Equity and Inclusion (DEI) agreement, requirement, Community engagement / representation</td>
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**Note:** NOFAs in blue are guided by other frameworks

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<tr>
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<th>Equity &amp; Racial Justice</th>
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## Funding Frameworks Introduction

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</table>
| Veterans NOFA                 | Units for Veterans in any New / Acq/Rehab project; excludes Preservation          | Split between Urban & Rural   | Service connections; Location accessibility; Family sized units; AMI served; Homelessness | - Affirmative Fair Housing Marketing
- DMWESB Construction Workforce Engagement
- Resident Services; culturally responsive partnerships
- Location Accessibility
- Diversity, Equity and Inclusion (DEI) agreement, requirement |
| Small Projects NOFA           | New or Preservation of Small Projects 35 units or less                            | Majority Rural                 | Service connections; Location accessibility; Family sized units; AMI served; Asset building partnerships / service | - Affirmative Fair Housing Marketing
- DMWESB Construction Workforce Engagement
- Resident Services; culturally responsive partnerships
- Location Accessibility
- Diversity, Equity and Inclusion (DEI) agreement, requirement |
| Agricultural Workforce Housing Tax Credit (AWHTC) | New or Acq/Rehab of housing that serves Agricultural Workers | Statewide | Currently First-Come First-Served; OHCS currently working on an update / revision - **Policy Question if should be placed in (LIFT or SMALL) NOFA** | - Affirmative Fair Housing Marketing
- DMWESB Construction Workforce Engagement
- Resident Services; culturally responsive partnerships
- Location Accessibility
- Diversity, Equity and Inclusion (DEI) agreement, requirement |
| Oregon Rural Rehabilitation (ORR) | Agricultural Workers                                                              | Statewide | First Come First Served Loan; and offered within NOFAs as applicable       | - Affirmative Fair Housing Marketing
- Diversity, Equity and Inclusion (DEI) agreement, requirement |

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**Draft Framework Elements**

- Equity & Racial Justice
- Homelessness
- Permanent Slop Hsng
- AIT Rental Hsg
- Rural
- Homeownership

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Oct HSC Mtg Material Packet

Oregon Housing and Community Services | 725 Summer St. NE Suite B, Salem, OR 97301-1268 | (503) 986-2000 | FAX (503) 986-2020
Next Steps:
We are hoping to get Housing Stability Council feedback on the above framework elements, and understand what additional information Housing Stability Council would like to see in assessing the focus of each of these NOFA frameworks.

Following the October Housing Stability Council meeting, staff will incorporate Council and stakeholder input to develop funding frameworks for Housing Stability Council review and approval in November.
Date: October 4, 2019

To: Housing Stability Council Members; Margaret Solle Salazar, Executive Director

From: Amy Cole, LIFT Program Manager
Natasha Detweiler-Daby, Senior Affordable Rental Housing Policy Advisor
Julie V. Cody, Director, Affordable Rental Housing Division

Re: LIFT 3.0 Framework

At the upcoming Housing Stability Council meeting, we will be presenting the recommended LIFT 3.0 Framework for the LIFT Rental and Homeownership programs for discussion. The framework sets out high level policies to guide the program and will be used to create the Notice of Funds Available (NOFA), to be released in January 2020. We will incorporate Council’s feedback to finalize the framework and seek approval at the November 2019 Council meeting. The recommended changes incorporated into the LIFT 3.0 Framework are based on feedback from scoring teams, rental housing and homeownership sponsors / stakeholders, and analysis of prior funding solicitations.

The next round of NOFAs will allocate $75 million in LIFT funds: $60 million for LIFT multifamily rental and $15 million for LIFT homeownership. These funds are the first half of the $150 million in Article XI-Q bond proceeds that were awarded by the 2019 Legislature for the LIFT program. In addition, any available funds or interest earnings from the LIFT account will be added to the offerings.

Note on LIFT for Affordable Homeownership: While twenty percent of the LIFT resources are set-aside to fund the development of affordable homeownership opportunities, the execution of these strategies with the Article XI-Q requirements has not been without struggle. This funding source requires OHCS to establish operational controls through a secured first position loan, and with a corresponding operational agreement. In the case of homeownership, this works through a Community Land Trust (CLT) or condominium (condo) structure where the home is sold and the land is held by either the CLT or condo association.
As such, the LIFT loan must be secured against the land; OHCS requires documentation through an appraisal, Real Market Valuation, or Assessed Valuation that there is adequate value in the property to secure the LIFT loan. Several, mostly rural, projects have not been able to demonstrate adequate value to cover their initial request for resources, which can cause projects to stall and even drop out of the program. Further, because OHCS needs to secure the loan against the land, this structure does not work in those cases where the developer intends to have long term leased access to the land; this would dilute the controls, so staff are continuing to work to resolve these land issues with a small number of sponsors.

Moving forward, you will see in the proposed LIFT 3.0 framework that OHCS recommends adding that value documentation (appraisal or otherwise) at the time of application; in addition to a threshold requirement that the land be owned by the entity responsible for the LIFT loan. While these changes will largely address the current programmatic challenges, it has also become clear that broader investment in affordable homeownership development would benefit from a different, more appropriate, source of funding than LIFT is able to provide.

The previous LIFT 2.1 framework¹ was the basis for the LIFT 3.0 framework. The few changes proposed are discussed below and are redlined in the attached framework document.

Proposed Framework Changes
The changes being recommended are based on discussion with Housing Stability Council on the most recent LIFT Rental and Homeownership NOFAs² and engagement with stakeholders. The primary goal of this framework revision is to continue to fine tune the framework to meet the goals and priorities of the LIFT program; serving communities of color, rural areas, and families.

Because we have continued to refine the LIFT framework and program through the previous iterations of LIFT, the recommended changes to the framework are modest.

Specifically, the recommended changes to the framework are:

Adding a minimum score requirement for the service to the communities of color criterion for rural projects. This was established for urban projects in LIFT 2.1 (*LIFT Multifamily Rental and Homeownership*);

- Refining the scoring structure for projects in rural areas so that requesting larger subsidies does not mean a loss of all points in the subsidy criterion (*LIFT Multifamily Rental*);

- Removing the scattered site preference. This preference was created to incentivize projects in rural Oregon, as well as to work to leverage investment for tax credits in rural areas of the state. Staff has seen an increase in rural only applications and LIHTC investors have increasingly been willing to invest in rural projects. Stakeholders and staff agree that this preference is no longer needed. (*LIFT Multifamily Rental*);

- Increased subsidy caps for family-sized units (2+ bedrooms) with subsidy caps staying the same as in the previous round for units that are smaller than 2 bedrooms (*LIFT Multifamily Rental*)

- Addition of a threshold requirement that the requested loan amount supported by valuation of land or land and infrastructure provided at application (*LIFT Homeownership*)

- Addition of a threshold requirement that land condominiums be owned by the party who is receiving the LIFT loan (*LIFT Homeownership*)

**Next Steps**

These resources represent the first offering LIFT resources for the 19-21 biennium. The Article XI-Q bonds for this $75 million are scheduled to be sold in late spring 2020. Prior to the bond sale, we need to be able to ensure our ability to commit all resources. In order to meet these deadlines, the LIFT NOFAs will be published in January 2020.

At the October meeting we are asking for Housing Stability Council review and provide input into the proposed LIFT 3.0 Framework. Staff will return to Housing Stability Council in November for further discussion and approval of the framework.
The Local Innovation and Fast Track (LIFT) Housing Program's objective is to build new affordable housing for low income households, especially families. In 2015, the Oregon Legislature committed $40 million of general obligation Article XI-Q bonds to fund the LIFT program. Using this new funding source will allow Oregon Housing and Community Services (OHCS) and its partners to add to the supply of affordable housing, in particular, for historically underserved communities. In 2017, the Oregon Legislature committed $80 million of general obligation Article XI-Q bonds to fund the LIFT program in 2018 and 2019. In 2019, the Oregon Legislature committed $150 million of general obligation Article XI-Q bonds to fund the LIFT program in 2020 and 2021.

OHCS worked with the Housing Stability Council and program stakeholders to develop a plan to efficiently use the newly committed funds and maximize the impact it will have in communities across the state. Key to LIFT program design was identifying an effective way to use the Article XI-Q bond funding for housing development; these BecauseDue to the of requirements of Article XI Q bonds, OHCS has an operating interest in developments where LIFT funds are used, require the state to own or operate any real property development that utilizes this resource which has not yet been utilized in housing development investments made by the state.

This document will be used to establish a fund offering framework for the third-first allocation of these resources for the 2020-21 biennium; referred to as LIFT 3.0.

Program Goals and Outcome Measures:
The primary goals of the LIFT program are:

1. Create a large number of new affordable family-sized (2+ bedrooms) housing units to serve low income Oregonian families.

2. Serve historically underserved communities, including communities of color and rural communities throughout Oregon.

Secondary goals of the LIFT program are:
1. Place affordable housing units to serve families in service as quickly as possible.

2. Serve families earning at or below 60% Area Median Income (AMI) through multifamily rental housing earning at or below 60% County Area Median Income (AMI) and families earning at or below 80% AMI (AMI as defined in ORS) in homeownership housing earning at or below 80% County Area Median Income (AMI as defined in ORS); focusing on service connections including but not limited to those from the Oregon Department of Human Services (DHS) child welfare or family self-sufficiency programs, Community Action Agencies, Coordinated Care Organizations, and Homeownership Centers.

---

Identify building strategies that require lower state subsidy or results in a lower cost of affordable housing development.

Outcome measures of the LIFT program are:

1. Increase in affordable housing inventory; measured by the number of new units built.
   a. More affordable housing units available in small rural communities.
   b. More affordable housing units available that serve Communities of Color.

2. Low state subsidy per unit; measured by program target.

3. Implement construction cost evaluation; measured through comparison of the construction costs for projects funded with LIFT proceeds to traditional housing construction, such as RS Means.

LIFT 3.02.1 Fund Allocations and Rental and Homeownership Set-Asides

OHCS was awarded a total of $150,80 million in Article XI-Q bonds for the LIFT program. These funds will be allocated to OHCS in two different $75.40 million bond sales of anticipated for the spring 2018 (completed) and the spring 2019. In total, 80 percent of the LIFT funds will be set-aside to develop multifamily rental housing opportunities, and 20 percent will be set-aside to develop homeownership opportunities.

After the first offering of both rental and homeownership funding in spring and summer 2018 respectively, there is approximately $17.3 million available for the next offering of LIFT rental funding and $10.4 million available for the next offering of LIFT homeownership funding. This includes remaining funds from the $80 million allocated in the 2017 legislative session, as well as interest earnings and funds returned from initial awards in 2017.
If either of the next offerings are undersubscribed and the other is oversubscribed, OHCS reserves the right to move funding from the undersubscribed offering to the oversubscribed offering in order to fund additional projects and reserve as much of the LIFT funding as possible.

**Rural and Urban Set-Asides and Serving Historically Underserved Communities**

To meet the statutory goals of LIFT and to further OHCS’ policy priorities around racial equity, **all projects, in both rural and urban areas, are required to serve communities of color** (more detail is provided on this is discussed below). Projects in rural areas will be scored against other rural projects and urban projects will be scored against urban projects. **will either need to be (a) located in a rural community, OR (b) located in an urban community.** To meet the statutory goals of LIFT and to further OHCS’ policy priorities around racial equity, **all projects, in both the rural and urban competitions, will need to demonstrate efforts to serve communities of color.** More detail on this is discussed below.

**Rural and Urban Set-asides**

Half of the LIFT funds will be set-aside to serve rural communities and half will be set aside for urban communities; if there are not enough viable applications to utilize all resources within **either one of these set-asides, funds will be moved to the general pool for consideration.** Scattered site projects with both urban and rural locations will receive preference through points and will be scored within the set-aside pool where the majority of their units are located; if selected for funding the resources will be drawn from their respective set-aside pool based on **unit location.**

**Rural communities**

Rural communities are defined as Oregon **Communities outside the Portland Metro Urban Growth Boundary with a population of 15,000 or less in counties within Metropolitan Statistical Areas (Benton, Clackamas, Columbia, Deschutes, Jackson,
Lane, Marion, Multnomah, Polk, Washington and Yamhill Counties) and in Communities with a population of 40,000 or less in the balance of the state.

Urban Communities

Projects in urban communities include all locations that do not meet the criteria for Rural communities as defined above. Urban projects will be required to meet minimum thresholds for service to Communities of Color.

Prior offerings of LIFT were limited to projects serving either rural communities OR communities of color. While this approach did focus LIFT on historically underserved communities, it did not reflect the fact that there are communities of color in rural areas, nor did it provide opportunity to incentivize comprehensive service to communities of color. In LIFT 2.1, projects in both urban and rural areas are able to apply. In order to maintain the intent of serving historically underserved communities, all urban projects will be required to meet threshold standards for service to communities of color in addition to being incentivized through points to approach such service in a comprehensive manner. All projects, no matter where they are located, in historically underserved rural areas will be incentivized through points to serve communities of color and will need to meet a minimum point score in this criterion to qualify for funding.

Service to Communities of Color

As discussed above, all projects must demonstrate efforts to serve Communities of Color to be eligible for LIFT funding. Service to Communities of Color can be achieved in a number of ways, and should be relevant to the community in which the project is located, and the target population anticipated to be served. OHCS recognizes that these approaches may look very different in urban communities which could have a larger array of culturally specific or responsive developers or service providers in close proximity, than in rural communities where such organizations may not be as present. Furthermore, we are aware that some communities are more diverse than others and the outreach strategies must be tailored appropriately. Any approach that is chosen must include intentional and meaningful engagement of Communities of Color in services planning for the development.
All LIFT projects are required to plan to address equity and diversity in the project through the use of Disabled Veteran, Minority, Women and Emerging Small Business (DMWESB) contracting, sub-contracting, and professional services.

Each sponsor is required will also be asked to sign a Diversity, Equity, and Inclusion agreement. Each sponsor will also be required to submit a relevant marketing and outreach plan designed to publicize the availability of new housing opportunities created by the project to communities of color in the applicant’s service area, and to affirmatively further fair housing. Beyond those threshold requirements, OHCS will create a scored element related to serving communities of color. Urban projects will compete with other urban projects to earn points for their work in this area; and rural projects will compete with other rural projects to earn points for their work in this area.

OHCS will assign scoring to the below factors that would show service to Color:

i. Development, sponsorship or management of the property by a culturally specific or culturally responsive organization with a diverse and representative leadership.

ii. An ongoing service partnership with a culturally specific or culturally responsive organization (applies to rental projects only).

iii. A project explicitly designed and located to address displacement of Color.

Project selection

A solicitation for projects will be conducted through a streamlined competitive notice of funding availability (NOFA); there will be separate applications developed for LIFT Rental activities and LIFT Homeownership activities. There will be an associated application fee for all LIFT 3.02.1 applications.

a. All applications need to meet threshold requirements as summarized below and articulated in the NOFA in order to move forward to competitive scoring.

b. A scoring committee (Committee) comprised of representatives from Color, rural communities, OHCS and DHS leadership, and other relevant policy and development expertise will be assembled to review all applications that have met the threshold requirements.
c. The job of the Committee will be to rate and rank project applications, and to make funding recommendations to the Executive Director of OHCS.

d. The Executive Director of OHCS will review the recommendations of the Committee, and reserves the right to modify the recommendations before making a final funding recommendation to the Housing Stability Council.

Minimum Requirements
All projects must meet the following threshold requirements to be eligible for competitive scoring. In some cases, OHCS will have a preference for exceeding these minimum requirements which are detailed below under selection criteria.

1. LIFT Subsidy:
   a. LIFT Rental Subsidy:
      i. In addition to LIFT funds:
         1. OHCS will make $5 million in OAHTC available where it results in deep rent skewing; serving households at or below 50% AMI.
         2. Projects are encouraged to leverage OHCS weatherization funds through the Multifamily Energy Program (MEP) for which they will be able get a conditional reservation in advance of the NOFA application; these funds are helpful to offset costs of building that directly result in energy savings.
         3. Multifamily Rental housing projects may utilize 4% Low Income Housing Tax Credits (LIHTC). If applicant chooses to do so, all components of the 4% LIHTC program, including project feasibility review and due diligence associated with the 4% LIHTC program, will apply; upon reservation of LIFT funds the 4% LIHTC timeline will be determined.
      ii. LIFT Rental Applicants may request the following subsidies for units that are smaller than 2 bedrooms:
         2.1. up to $75,000 per LIFT unit in urban areas
a. Projects requesting $45,000 per LIFT unit or less will receive primary consideration and be attributed with 20 points in the application process

b. Projects requesting $45,001 - $55,000 per LIFT unit or less will receive secondary consideration and be attributed with 10 points in the application process

c. Projects requesting $55,001 - $75,000 per LIFT unit will not receive low subsidy consideration and will receive no points but will still be reviewed and scored based on the rest of their application.

2. up to $125,000 per LIFT unit in rural areas

a. Projects requesting $80,000 per LIFT unit or less will receive primary consideration and be attributed with 20 points in the application process

b. Projects requesting $80,001 - $100,000 per LIFT unit or less will receive secondary consideration and be attributed with 15 points in the application process

c. Projects requesting $100,001 - $125,000 per LIFT unit will receive tertiary not receive low subsidy consideration and will receive 10 points in the application process but will still be reviewed and scored based on the rest of their application.

— up to $100,000 per LIFT unit when used with scattered site projects that leverage 4% LIHTC and include substantial representation in both urban and rural areas of the state.

Applications that propose this scattered site approach and include at least one rural development will receive a 2 point bonus in scoring as part of Innovation:

a. Projects requesting $75,000 per LIFT unit or less will receive primary consideration and be attributed with 20 points in the application process
a. Projects requesting $75,001 - $90,000 per LIFT unit or less will receive secondary consideration and be attributed with 10 points in the application process.

a. Projects requesting $90,001 - $100,000 per LIFT unit will not receive low subsidy consideration and will receive no points but will still be reviewed and scored based on the rest of their application.

It is the expectation that, despite the hard caps on fund requests listed here, the majority of projects funded will be funded at or below $55,000 per unit in urban areas and below $80,000 in rural areas. As established in the above listing of LIFT subsidy caps, there will be low subsidy consideration given to those projects requesting funding amounts below the funding caps.

ii. LIFT Rental Applicants may request the following for family-sized units (2+ bedrooms)

1. up to $150,000 per LIFT unit in urban areas
   
   a. Projects requesting $120,000 per LIFT unit or less will receive primary consideration and be attributed with 20 points in the application process
   
   b. Projects requesting $120,001 - $130,000 per LIFT unit or less will receive secondary consideration and be attributed with 10 points in the application process
   
   c. Projects requesting $130,001 - $150,000 per LIFT unit will not receive low subsidy consideration and will receive no points but will still be reviewed and scored based on the rest of their application.

2. up to $200,000 per LIFT unit in rural areas
   
   a. Projects requesting $155,000 per LIFT unit or less will receive primary consideration and be attributed 20 points in the application process

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b. Projects requesting $155,001 - $175,000 per LIFT unit or less will receive secondary consideration and be attributed 15 points in the application process.

c. Projects requesting $175,001 - $200,000 per LIFT unit receive tertiary consideration and be attributed 10 points in the application process.

Incentive for larger units (up to 6 points):

1. Developments that have an average bedroom size of 1.75-2.0 bedrooms will receive 2 points
2. Developments have an average bedroom size of 2.1-2.75 bedrooms will receive 4 points
3. Developments that have an average bedroom size greater than 2.75 bedrooms will receive 6 points

e. LIFT Homeownership subsidy:

   i. Homeowners will be eligible to access the Oregon Bond Residential Loan Program in LIFT projects.

   ii. Sponsors of LIFT Homeownership applications may request LIFT subsidy up to the lesser of:

       1. the value of the Land plus Land Improvements / Site-Work (excluding any structures)
       2. $10075,000 per LIFT homeownership unit

          a. Projects requesting $7565,000 per LIFT unit or less will receive primary consideration and be attributed with 20 points in the application process

          b. Projects requesting $7565,001 - $10075,000 per LIFT unit or less will receive secondary consideration and be attributed with 10 points in the application process
2. LIFT funds are eligible for any net increase to housing; this can be through new construction of homeownership or multifamily rental housing units or the repurposing of existing non-residential housing structures to be homeownership or rental housing units.

3. When used without 4% LIHTC, a minimum affordability period of 20 years from the time the project is placed in service, or the length of time the Article XI-Q Bonds are outstanding, whichever is greater will be required. When used with 4% LIHTC, a minimum affordability period of 30 years from the time the project is placed in service, will be required.

4. In LIFT Multifamily Rental housing: 100% of the new units funded with LIFT resources must be available for households earning at or below 60% AMI at the time of initial lease. Tenants may stay in their unit regardless of future income.
   a. If a rental project is structured to serve a mix of incomes, and will serve households with incomes greater than 60% AMI, OHCS will work with the sponsor to establish a “next available unit rule” and protocols regarding rents for low-income tenants who become over-income.

5. In LIFT Homeownership housing: 100% of the new units funded with LIFT resources must be available and affordable to households earning at or below 80% AMI at the time of sale for the duration of the affordability period.

6. In LIFT Multifamily Rental housing, maximum rents allowable for 100% of the units financed with LIFT will be based on 60% AMI standards and home purchases must be affordable to households with incomes at or below 80% AMI.

7. Minimum Construction Standards:
   a. Methods: Both traditional and alternative methods of construction are allowable; construction which is innovative or contains costs is encouraged.
   b. Quality: Construction that balances initial cost of building with on-going cost of operation for both the building owner and the tenants (energy standards); ensuring that additional costs are not passed on to tenants.
   c. Durability: 30-year building standards.
   d. Other Requirements: If other public capital or operating subsidy is used from any source, relevant requirements of those sources will be assumed to apply.
8. Timeline of development:
   a. LIFT Rental units must be ready for initial lease-up within 36 months of a LIFT funding reservation.
   b. LIFT Homeownership units must be ready for initial sale within 36 months of a LIFT funding reservation.

Not abiding by established milestone deadlines in good faith will result in OHCS rescinding the funding reservations. A guiding principle of Key to LIFT is the expedient delivery of housing to serve Oregonians; submitted projects must be able to move forward in a timely and responsive manner.

9. Sponsors need to demonstrate that the development team has relevant experience with the development and operation of affordable housing.

Where needed, technical assistance may be provided to applicants looking to create sustainable partnerships; project sponsors without development experience will be urged to create partnerships with developers with adequate experience in affordable housing development.

10. Underwriting guidelines will be applied by OHCS in its due diligence and project review process to ensure ongoing project viability, and risk mitigation associated with the funding source’s requirement for OHCS to own or operate the project. Such guidelines will require the inclusion of applicable LIFT program charges (e.g., application charges, document preparation charges, OHCS’ legal charges, recipient charges, on-going compliance monitoring charges, etc.); and will be consistent with the industry standard minimum requirements of mortgage lenders, investors, and other potential public funding sources.

   a. For LIFT Multifamily Rental these will likely include loan-to-value, debt coverage, expense ratios, and reserve requirements.
   b. For LIFT Homeownership these will likely include valuation of land, operating budget, and market considerations.

11. Developer Fees:
   a. LIFT Multifamily Rental Developer Fee will be capped at a rate 2 percentage points less than allowed through federal tax credit projects as defined in the most recent OHCS Qualified Allocation Plan.
   b. The LIFT Homeownership Developer Fee is the profit on the sales of homes and is expected to be reasonable and below market rate. This profit will be restricted at below market rates.
12. Compliance monitoring throughout the period of affordability will be similar to other state-funded housing. The purpose of compliance monitoring is to manage risk to the State investment and to affordable housing developments.

--- For rental projects it will include:

- Initial household income verification.
- Annual income verification through self-certification.
- Risk-based physical inspections every 1-3 years based on property condition.

--- Other Requirements: If other public capital or operating subsidy will be used from any source, relevant compliance requirements of those sources will be assumed to apply. For example, if 4% LIHTCs are used, all 4% LIHTC compliance requirements will pertain.

--- For homeownership projects it will include:

- Initial household income verification at home purchase.
- For any home’s subsequent sales during affordability period, verification of homebuyer income / asset transfer to seller.
- Annual verification of agreement with sponsorship entity (for example: community land trust / condo association / HOA Management Company).
- Annual report on condo / HOA / community land trust financials.
- Annual notification of any homebuyers in arrears (of association fees, taxes, insurance, etc.) and corresponding action plan.

12. Because the LIFT program is to be funded with Article XI-Q bonds, OHCS will need to assume either an ownership or operational role with the properties that receive LIFT funding. For the purposes of LIFT 2.1 the Operational structure will be pursued for both Rental and Homeownership LIFT activities.

--- Operational structure for LIFT Rental housing: (Subject to change based on the State’s bond counsel)

- The State of Oregon, by and through Oregon Housing and Community Services (OHCS), will loan the LIFT funds to the project in a first position...
wherein that first position could be shared with another primary lender and a repayment waterfall would be recorded along with the loan documents that establishes that the other primary lender receives any and all payment in advance of the state.

The loan must be secured by the value of the project as determined by income-based assessment.

Through an operational agreement, OHCS is provided certain rights including but not limited to the hiring and firing of the property management firm, setting of rents, initial lease up, and use of reserves.

LIFT program rules are and will continue to be established that describe the terms for loan satisfaction at the end of the affordability period; the rules that are established at the time of loan issuance are those that will continue to pertain to the loan regardless of any future revision to said rules. Current rules prescribe that the loan may be satisfied through repayment or through agreement for extended affordability.

Operational structure for LIFT Homeownership housing: (Subject to change based on the State’s bond counsel)

The State of Oregon, by and through Oregon Housing and Community Services (OHCS), will loan the LIFT funds to the project in a first position wherein that first position could be shared with another primary lender and a repayment waterfall would be recorded along with the loan documents that establishes that the other primary lender receives any and all payment in advance of the state.

The loan must be secured by the land value plus land improvements/site work. Valuation method to be based on valuation of land plus improvements made to the land (which excludes any/all structures).

Through an operational agreement with the applicable community land trust entity, homeowners’ association, or condo association, which adequately ensures comparable and sufficient operational controls which includes the tracking and reporting on income eligibility, financial reporting, and use of reserves.

LIFT program rules are and will continue to be established that describe the terms for loan satisfaction at the end of the affordability period; the rules that are established at the time of loan issuance are those that will
continue to pertain to the loan regardless of any future revision to said rules. Current rules prescribe that the loan may be satisfied through repayment or through agreement for extended affordability.

Selection Criteria for LIFT Rental Applications:
Urban and rural criteria will differ in implementation in order to effectively target resources.

Projects that meet or exceed the minimum requirements outlined will be ranked based on clear selection criteria, which will be further developed in the NOFA solicitation. Below are some initial selection criteria for primary consideration applications:

1. **Preference for lower subsidy per unit:** preference points will be given to those projects requiring less LIFT subsidy per unit within the allowable per-unit caps as established above. Preference points will be awarded to projects where at least 25% of the units are 2+ bedroom units.

2-2. **Higher subsidies are available for units that are 2+ bedrooms**

2-3. **Demonstration of readiness to proceed demonstration:** preference points will be given to those projects that can demonstrate they are ready to move forward with the development process in a short time frame.

3-4. **Established partnerships (through Memoranda of Understanding) to serve DHS, Community Action Agency, Coordinated Care Organization or other service organization clients earning at or below 60% AMI.**

4-5. **Rents affordable to households at lower AMI.**

5-6. **Demonstration of construction costs that are lower than comparable industry norms.**

6-7. **Demonstrated innovation, efficiency and replicability of building development or finance strategy.**

7-8. **Plans to address equity and diversity in the project through the use of **Diabled Veterans,** Minority, Women and Emerging Small Business (DMWESB) contracting, sub-contracting, and professional services and each sponsor signing a Diversity, Equity, and Inclusion agreement**
Selection Criteria for Homeownership Applications:

Urban and rural criteria will differ in implementation in order to effectively target resources.

Projects that meet or exceed the threshold minimum requirements outlined will be ranked based on clear selection criteria, which will be further developed in the NOFA solicitation. Below are some initial selection criteria for primary consideration applications:

1. Requested loan amount supported by valuation of land or land and infrastructure provided at application

2-3. Preference for lower subsidy per unit; preference points will be given to those projects requiring less LIFT subsidy per unit within the allowable per-unit caps as established above.

2-3. Demonstration of Readiness to proceed demonstration; preference points will be given to those projects that can demonstrate they are ready to move forward with the development process in a short time frame.

3-4. Established partnerships (through Memoranda of Understanding) with Homeownership Center providing pre and post purchase homeownership counseling and support.

4-5. Demonstration of construction costs that are lower than comparable industry norms.

5-6. Demonstrated innovation, efficiency and replicability of building development strategy.
6.7. Plans to address equity and diversity in the project through the use of Disabled Veterans, Minority, Women and Emerging Small Business (DMWESB) contracting, sub-contracting, and professional services and each sponsor signing a Diversity, Equity and Inclusion agreement.

7.8. Demonstration of financial viability

8.9. Demonstration of capacity of the development team.

9.10. Demonstration of capacity of management group.

11. Serving Communities of Color

10.12. The land for condominiums must be owned by the party who is receiving the LIFT loan
Members:
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