Oregon Housing and Community Services

Local Innovation and Fast Track Housing Program

SUMMARY

The **Local Innovation and Fast Track (LIFT) Housing Program** will build new affordable housing, especially for low income families. In 2015, the Oregon Legislature committed $40 million of general obligation Article XI-Q bonds to fund the program, a new source of affordable housing dollars. Using this new funding source will allow Oregon Housing and Community Services and its partners to test innovative strategies and create a modern model of affordable housing development, building upon years of experience, expertise, and success.

Oregon Housing and Community Services (OHCS) together with the Housing Stability Council have developed a plan to efficiently use the new funds and to maximize the impact in communities across the state.

PROGRAM GOALS

Given direction provided through the legislative process, the stakeholder process, and guidance from Governor Brown, OHCS hopes to achieve several goals related to the type and number of units produced, as well as the expected outcomes for the households who will live in the units.

The primary goals of the LIFT program are:

1. Create a large number of new affordable housing units to serve low income Oregonians.
2. Serve historically underserved communities:
    a. Rural communities with less than 25,000 people;
    b. Communities of color.

Secondary goals of the LIFT program are:

1. Place affordable housing units in service as quickly as possible.
2. Serve households earning at or below 60% area median income, receiving services through Oregon's Department of Human Services (DHS) child welfare or self-sufficiency programs.
3. Identify replicable innovative building strategies that result in lower cost of affordable housing development.

PROGRAM FRAMEWORK

OHCS will allocate funding for rural communities and will prioritize serving communities of color, while also giving preference to those projects that serve DHS program participants or that use innovative concepts in development or contain costs.

Solicitation for projects will be conducted through a streamlined competitive application process. OHCS will assemble diverse experts from communities of color, real estate development, and rural communities to help score and select projects.

CONSTITUTIONAL REQUIREMENTS

The use of general obligation, Article XI Q bonds means that the state either needs to own or operate the asset. Working together with legal experts, OHCS has identified several approaches to fulfill this requirement:

Through operating the property: The State of Oregon could provide equity to projects through a limited partnership or limited liability company, where OHCS would be a special limited partner or member where OHCS would be responsible for key aspects of the housing including: hiring and firing of the property management firm, leasing criteria, major repairs, and other substantive operating policies; or through other means as determined by the Attorney General and bond counsel to meet the requirements of Article XI Q of the state constitution.

Through an ownership interest: There are a number of potential pathways to fulfill the ownership requirement, which revolve around a fee simple ownership structure. This may include a tenancy in common model, or ownership of the land by OHCS with an unsubordinated land lease.

Agency Contact : Natasha Detweiler | (503) 508-3824 | Natasha.Detweiler@oregon.gov

Oregon Housing and Community Services | 725 Summer Street NE, Suite B | Salem, Oregon

MINIMUM REQUIREMENTS

All proposed projects will need to meet the following minimum requirements:

- Primary consideration will be given to applicants that request a maximum of $38,000 LIFT subsidy per unit. Secondary consideration will be given to applicants that request more than $38,000 LIFT subsidy per unit, however these applicants will only be reviewed if OHCS and the review committee determines, in good faith, that all resources cannot be committed to those with primary consideration.
- 100% of the newly constructed units financed with Article XI Q bonds will be available for households earning at or below 60% area median income at the time of initial lease. Tenants may stay in their unit regardless of future income.

Projects will meet minimum construction standards for quality and durability, and developers will need to demonstrate solid experience. Projects will also meet minimum underwriting guidelines in order to manage the inherent risk of ownership or operation. There will be limitations on the developer fee. Compliance monitoring throughout the period of affordability will be minimal but still serve to mitigate risk to the State.

SELECTION CRITERIA (Primary)

Projects that meet or exceed the above minimum requirements will be ranked based on clearly laid out scoring methodology:

1. Location in communities with high needs based on a county formula incorporating the following factors: nonwhite and Hispanic poverty rate, family poverty rate, extremely low income households with severe housing problems.
2. Short development period (units to be sited, planned, permitted, constructed, and ready for initial lease-up); less than the minimum threshold of 30 months.
3. Ability to effectively serve DHS clients earning at or below 60% of area median income.
4. Strong local social service partnerships to support the target tenant population.
5. Demonstration of innovative building design or innovative alternative construction methodology, or development strategy to lower costs.
6. Demonstrated efficiency and replicability of building development strategy.
7. Plans to address equity and diversity in the project through the use of Minority, Women and Emerging Small Business (MWESB) contracting, sub-contracting, and professional services.

SELECTION CRITERIA (Secondary)

OHCS and its review committee will review proposals for projects that meet or exceed the minimum requirements outlined above that are requesting more than $38,000 LIFT subsidy per unit if they determine, in good faith, that all available program funds cannot be deployed to projects in the priority consideration category. These projects will be prioritized, after those with primary consideration, based on clear selection criteria including the following:

1. LIFT subsidy per unit; higher preference for projects requesting less LIFT subsidy per unit.
2. Located in communities with high needs based on a county formula incorporating the following factors: nonwhite and Hispanic poverty rate, family poverty rate, extremely low income households with severe housing problems.
3. Short development period (units to be sited, planned, permitted, constructed, and ready for initial lease-up); less than the minimum threshold of 30 months.
4. Ability to effectively serve DHS clients, with a preference for projects that will serve households earning at or below 40% area median income.
5. Strong local social service partnerships to support the target tenant population.
6. Demonstration of innovative building design or innovative alternative construction methodology, or development strategy to lower costs.
7. Demonstrated efficiency and replicability of building development strategy.
8. Plans to address equity and diversity in the project through the use of Minority, Women and Emerging Small Business (MWESB) contracting, sub-contracting, and professional services.

Agency Contact : Natasha Detweiler | (503) 508-3824 | Natasha.Detweiler@oregon.gov

Oregon Housing and Community Services | 725 Summer Street NE, Suite B | Salem, Oregon