May 6, 2016
9:00 a.m. – 12:00 p.m.
Discovery Park Lodge | Community Room
2868 NW Crossing Dr | Bend OR 97701
## AGENDA
May 6, 2016
9:00 a.m.-12:00 p.m.
2868 NW Crossing Dr., Bend, OR 97701
Call-In: 1-877-273-4202; Participant Code: 4978330

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<td>9:00</td>
<td>Meeting Called to Order</td>
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<td>Roll Call</td>
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<td>2.</td>
<td>9:05</td>
<td>Public Comment</td>
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<td>3.</td>
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<td>Draft Meeting Minutes</td>
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<td>April 1, 2016</td>
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<td>4.</td>
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<td>Presentation by Local Partners</td>
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<td>Scott Cooper, Executive Director, Neighbor Impact</td>
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<td>Michael Hinton, Chair Housing Works Board of Commissioners</td>
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<td>Brenda Comini, WEBCO &amp; Geoff Wall, CFO Housing Works, Early Learning HUB</td>
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<td>Leslie Neugebauer, Director &amp; Molly Taroli, Project Coordinator, Pacific Source Coordinated Care Organization</td>
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<td>5.</td>
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<td>Housing Integrators Report</td>
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<td>Kenny LaPoint &amp; Kim Travis</td>
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<td>6.</td>
<td>10:50</td>
<td>Residential Loan Program Consent Calendar</td>
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<td>7.</td>
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<td>LIFT Program Design Adoption</td>
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<td>Margaret Van Vliet, Director</td>
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<td>Report of the Director</td>
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April 1, 2016
Oregon Housing Stability Council Meeting Minutes

Chair Dickson called the meeting to order at 9:04 a.m. He then thanked REACH for hosting the Housing Stability Council meeting at the Grey’s Landing Community room. Chair Dickson then asked for the roll call.

Council member Mike Fieldman was on vacation and excused from the meeting. Roll was called and is reflected in the table below:

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Public Comment
Chair Dickson opened the meeting for general public comment and asked that anyone with comments of the LIFT program, wait until the topic is discussed later in the meeting.

From the phone: No comments from the telephone.
From the room: No comments from the audience.

Draft meeting minutes for approval
The meeting minutes from the March 4, 2016 meeting were distributed to Council members prior to the April 1, 2016 meeting and edits received were incorporated into the document presented to the Council for approval on 4/1/16. Chair Dickson asked Council members if they had any questions or additional edits. Receiving none, Chair Dickson then called for a motion to approve the meeting minutes. Councilmember Valfre moved to approve the meeting minutes and Councilmember Koza seconded the motion. Chair Dickson then called for a vote.

March 4, 2016 Meeting Minutes:

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Residential Loan Program Consent Calendar – *Kim Freeman*, Single Family Section Manager

Ms. Freeman presented an overview of the one residential loan up for approval on the consent calendar. Chair Dickson then called for questions or comments from the Council.

Councilmember Baney asked for clarification on the lot size. The size was given in square footage, rather than in acres (this is a limitation of the program). Ms. Freeman committed to make a note and provide the lot size in acres during future presentations.

Councilmember Baney moved to approve the consent calendar as presented and Councilmember Madrigal seconded the motion. Chair Dickson then called for a vote.

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US Department of Energy Annual Plan – *Claire Seguin*, Assistant Director, Housing Stability & *Tim Zimmer*, Energy Services Section Manager

Ms. Seguin introduced Tim Zimmer, Energy Services Section Manager and Pegge McGuire, Housing Energy Services Director at Community Services Consortium (Ms. McGuire was a member of the working group put together by OHCS to create the US DOE State Plan draft). Click [here](#) to view the draft plan.

Mr. Zimmer provided an overview of the US DOE program and the state plan for Oregon. You can reference the memo on page 13 in the [meeting materials packet](#).

Ms. McGuire provided the Council with her perspective on the process as a partner on the working group. She commended OHCS for their efforts to assemble a working group that had members from across the state and from many diverse areas. She believes this helped OHCS to develop a draft plan which takes into consideration the viewpoints of the members of the working group. The members of the working group are looking forward to participating in this process in the future.

Mr. Zimmer then asked if there were any questions on the presentation. Councilmember Baney asked how the technical assistance dollars are being spent. What types of activities are included? Mr. Zimmer told the Council that much of the dollars are spent on completing required certification and continuing education training. Some of the dollars are spent to travel to the training locations. Councilmember Valfre asked about the income eligibility requirements and if the pool grew or stayed the same. Mr. Zimmer said the number of people eligible actually increased with the updated formula.

Chair Dickson informed Mr. Zimmer that the list of Councilmembers was a bit out of date and should be updated before the plan was submitted. Mr. Zimmer will make the necessary updates to the plan to reflect the current information about the Housing Stability Council members. Councilmember Arreola wanted to know how often this topic will be brought before the Council. OHCS will plan to bring this program before the Council.
Chair Dickson asked that the information included about each of the Council members be updated to reflect current status.

Chair Dickson then asked for the motion. Councilmember Arreola moved to approve the draft 2016 US DOE State Plan with corrected Council member information, Councilmember Valfre seconded the motion. Chair Dickson then called for a vote.

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*Councilmember Madrigal declared a potential conflict on this topic and abstained from the vote.*

**Multifamily Bond Approvals (Woodland Park)** –

*Heather Pate, Multifamily Finance Section Manager & Teresa Pumala, Loan Officer*

Ms. Pate introduced Theresa Pumala to provide the update on the Woodland Park project for approval. Ms. Pumala provided a high-level view of the bond request and a summary of the work to be done with the money from the bond issue. You will find the memo summary of the bond request beginning on page 38 of the meeting packet.

Councilmember Valfre asked how the OAHTC funds will be utilized. Ms. Pumala said the funds will be used to buy down the loan. Councilmember Valfre also asked about the use of project based assistance funds. Ms. Pumala said yes, there are project based funds as part of this project.

Chair Dickson asked about how the Housing Preservation funds would be coming into the project. Ms. Pumala told the Council the funds would be coming in as a grant.

Trina Whitman & Aruna Doddapaneni from Bridge Housing (partners in this project) came to the table to address the Council. Bridge Housing hopes to close on the financing in about two weeks and complete the project in early 2017.

Councilmember Baney told Bridge Housing that she appreciates the variety of services available at Woodland Park and the commitment to support those you are serving. Ms. Whitman told the Council when Bridge Housing bought the property there were no services and one of their goals was to provide good services for the residents.

Chair Dickson called for a motion. Councilmember Koza moved to approve the Woodland Park bond request as presented and Councilmember Arreola seconded the motion.

Chair Dickson then called for the vote.

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Mental Health Housing Program Update – Heather Pate, Multifamily Finance Section Manager

Ms. Pate stepped to the table and introduced Darci Strahan (Contracts & Housing Development Manager at the Department of Human Services) who joined by phone to be available to answer any questions about the Mental Health Housing from the DHS perspective.

Ms. Pate provided a high-level overview of the program. Please reference the program memo on page 47 of the meeting packet. Ms. Pate reviewed the recommendations as outlined in the memo as well. The next step for OHCS is to draft and release a Notice of Funding Availability. Heather and her team anticipate bringing an award recommendation before the Council in November or December 2016.

Councilmember Koza asked if there was a way to prioritize given the huge demand for mental health housing. Are you looking to reach out to a particular segment of the Mental Health community? Ms. Strahan told the Council the only definition which would be used is: those applying for housing have to qualify as having a serious mental illness. Councilmember Koza asked a follow-on question: is developmental disability included in the definition of mental illness? Ms. Strahan said that no, it would not be included. Councilmember Koza then asked an additional question: Are you considering having “hardened” units? Ms. Strahan said no; it is not part of the process. Director Van Vliet asked if a project sponsor wanted to include hardened rooms, would they be considered. Ms. Strahan said that DHS does not typically consider this as part of their supported housing projects.

Chair Dickson wanted to know if the Council will be able to see the scoring criteria before it goes out. Director Van Vliet told the Council that the scoring methodology is not published prior to the NOFA release, because that gives applicants the keys to the application and an unfair advantage in the competition. It may be worth it to bring Ms. Strahan before the Council in the future before the NOFA is released.

Councilmember Baney asked what the “local alcohol and drug planning council” was. Ms. Strahan told the Council it was her understanding that each county has such a council and some of the counties have more active groups than others. Ms. Baney says there is no such group in her county that she is aware of. Ms. Strahan will validate and confirm the groups by county. It may be a group by another name.

LIFT Program Design Adoption – Julie Cody, Assistant Director, Housing Finance

Director Van Vliet provided the update today for Ms. Cody. OHCS will provide recommendations in the report that have addressed four key areas the Council spoke of at the April meeting. After the presentation there will be time to hear testimony from those who have signed up.

You will find the memo and the draft LIFT program design beginning on page 47 of the meeting packet.

Director Van Vliet provided an overview of the update on the specific areas of concern as outlined in the memo. You may view the update memo on page 47 of the meeting material packet.

The four areas she reviewed were:

1. LIFT subsidy per unit cap
2. Need formula
3. Rural communities definition
4. Strategies for involving the Department of Human Services (DHS)
Public Comment on the Draft LIFT program framework

Chair Dickson next invited those in attendance in the room and by phone to give public comment on the LIFT program design draft.

Diane Linn, Executive Director at Proud Ground & Board member at Oregon Opportunity Network – Thank you to OHCS and the legislature for the original commitment of $40 million. The cap is of concern to colleagues at Oregon ON; the practical application could be a real challenge. Ms. Linn would like to see homeownership as an option for the program. They would like to see more information on the topic of the proposed state ownership structure and a commitment and timeline on communication to investors and lenders on document changes. Oregon ON is hoping to be a partner with the state in the process.

Brett Sheehan, CASA of Oregon – he is excited about the LIFT funds, thank you for your efforts to launch this program. Concerned about the 60% limit in rural Oregon and how it may make projects more difficult. Wondering if and how manufactured homes and parks might be explored through the LIFT program and process.

Joni Hartman, Housing Development Center – totally support the goals of the LIFT program. She expressed concerns with the number of homes and the subsidy amount being proposed and considered for the LIFT program. She is concerned that reducing construction costs through the LIFT program may create construction defects in the future. She also expressed concerns that the amount allowed for operations per unit is too low.

Michael Parkhurst, Meyer Memorial Trust – Mr. Parkhurst expressed concern with the per unit cap. Appreciates the challenges the agency is facing through this process. Councilmember Koza asked Mr. Parkhurst what he thought the cap amount should be. Mr. Parkhurst said he did not have a specific number, but he believes there is not just one number and it can change from area to area across Oregon.

Anna Geller, Geller Silvis – Ms. Geller said she and the other members of the LIFT Finance Subcommittee were excited about the possibilities while they were doing the pre-work for the LIFT program. Ms. Geller wanted the Council to try LIFT. Any bumps we encounter along the way can be addressed as they come up. She encouraged the Council to give the LIFT program a chance.

Dan Valliere, REACH – He thought the Finance Subcommittee did a good job exploring the options for the LIFT program. Creating some flexibility may be useful to see what else may be available and spur other ideas along the way.

Shannon Vilhauer, Habitat for Humanity of Oregon – Ms. Vilhauer expressed her thanks for the hard work of the agency, the Council and the Subcommittees.

Chair Dickson invited the Council members to provide any comments or feedback on the draft LIFT program framework.

Councilmember Baney wanted to get an update on the possibility of homeownership as part of the LIFT program. Director Van Vliet said that the agency recommendation does not have a provision for homeownership. This is a topic that staff and the Council have wrestled with the topic of homeownership. The agency wants to go back to the original intent of the LIFT program and we are not making a recommendation at this time.

Councilmember Arreola said from her perspective it is important for us to innovate in how we address housing. She believes it is important to hear from partners and stakeholders, but at some point we need to commit to the program. The purpose was to innovate, create new partnerships.
and production of housing units. If you want things to be different, you have change the way you think and how you create things to get a different outcome.

Councilmember Valfre said it was his pleasure to serve on one of the LIFT subcommittees. He feels flexibility is an important aspect, but we have an opportunity to do something different.

Councilmember Koza said she was concerned we would spend too much time trying to get the program perfect on the front end instead of starting the program and refining things as we move forward.

Councilmember Madrigal has some concerns about how the cap amount would impact developers in urban areas. She wants to know more about the Q-bonds and how they function. Do we know how the use of the Q-bonds would impact financing and other sources of funding for LIFT projects? Director Van Vliet said that there is more to learn in this area, but Legislative Council and DOJ have provided great support in helping the agency understand what our obligations are when using the Q-bonds. There are pathways forward for financing. We plan to be intentional with our outreach to other jurisdictions for the LIFT program.

Chair Dickson said that he is still struggling with some of the content of the letter from Speaker Kotek as it relates to the $32,000 cap. What is the nexus between cost containment and durability & quality? He expressed concern with the subsidy cap. We want to create housing quickly that is also lasting and stable. He wants us to make sure we also address supportive services. Can we build in some flexibility to incentivize more developers? It is better to have more applications than less.

Councilmember Baney suggested we do a bit more work on the draft. It is important to be creative and innovative, but we should also be flexible. We need to explore land use laws and the impact to the LIFT program? She wants us to be flexible, but she wants us to squeeze the opportunity out of the $32,000 cap. Not sure what it should look like. Scoring will be difficult. Believes it is important to make sure what we build today is sustainable into the future. Our partners have to be able to make the LIFT model work.

Councilmember Madrigal asked about the process of making changes to the LIFT draft? How do we do that? Director Van Vliet said we can amend the agenda while in process and bring the topic back before the Council in May. Her instinct is to defer a vote to May.

Councilmember Madrigal expressed her concerns about how limited the funds are in other ways beyond the subsidy cap. Build flexibility into the application and scoring process.

Councilmember Baney wanted to encourage the Council to make a decision in May. The LIFT program will come before the Council on Friday, May 6, 2016.

2016 Multifamily NOFA Resource Allocation Recommendations – Heather Pate, Multifamily Finance Section Manager

Ms. Pate presented on behalf of Julie Cody. She reviewed the request memo with council which can be found on page 62 in the meeting material packet. Ms. Pate reviewed the upcoming NOFAs for 2016, 2017 and 2018. She also informed the Council of her plan to get all of the NOFAs on a regular schedule and rhythm to assist the sponsors with their annual planning. Ms. Pate reviewed the line-up of NOFAs over the next three years.

Councilmember Valfre moved to gap fund allocation as presented by Ms. Pate and Councilmember Koza seconded the motion. Chair Dickson called for a vote.
March 4, 2016
Oregon Housing Stability Council Minutes

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**Agency Request Budget (ARB) Process Overview – Caleb Yant.** Chief Financial Officer

Mr. Yant gave the Council an introduction to the agency budget process. The materials he presented can be found on page 65 in the meeting materials packet. Also included in the meeting materials packet is a summary of the 2015-17 Legislatively Adopted Budget. The OHCS budget includes:

1. Expenditure limitation which allows us to spend the money.
2. Position authority, the people to administer programs.
3. Opportunity to ask for new or different things by submitting Policy Option Packages.

OHCS is not very dependent upon General Fund (about 1% of our total budget).

**Policy Option Packages (POP) –**

Mr. Yant reviewed the list of potential POPs the agency is considering. Some with no general fund impact and others with general fund or lottery fund impact.

OHCS would like to have the Council help to inform what is asked for when Policy Option Packages are submitted. OHCS would like the Council input on the OHCS budget.

Councilmember Arreola asked about the Equity Coordinator position and what their role would be at the Agency. Director Van Vliet explained to the Council that OHCS is hoping to have this person address equity in contracting, grant administration, setting outcome targets, engaging with our partners. We will be leveraging the work of other state agencies as well.

Councilmember Valfre expressed his appreciation for the work done in preparing the budget request.

Chair Dickson said this was great work and very informative and I look forward to future presentations.

**Statewide Housing Plan Process Introduction – Rem Nivens.** Assistant Director, Public Affairs & Shoshanah Oppenheim, Federal Planning & Policy

Mr. Nivens and Ms. Oppenheim provided the Council with a summary of the Statewide Housing Plan. Please reference page 96 in the meeting materials packet.

We would like to make the plan the “go-to” place for all things housing in Oregon. Our plan is to have a place where stakeholders, partners, advocates, other state agencies and anyone else interested in housing issues can come.

We realize this work will not be easy and our original timeline is not realistic. Our hope is to build something solid that is the go-to place for housing. That is something new, built from the ground up that is well thought out.
OHCS is currently at the very beginning stages and nothing is set in stone. We are looking for input from the Council. Our plan is to create the Statewide Housing Plan in stages and to bring each stage to the Council for approval along the way.

Ms. Oppenheim laid out the preliminary thinking and next steps from problem identification to implementation. She also highlighted the proposed approach for creating the Statewide Housing Plan.

Ms. Oppenheim and Mr. Nivens will be looking for help from the Council during this process. She will be coming back in mid-Summer for a check in with the Council.

Councilmember Valfre is excited to see this work get underway. This will be a very important tool for many across the state. He expressed a desire for the team to work with local jurisdictions on the creation of the plan.

Councilmember Baney asked how broad the thinking is about the plan, will you include homeless statistics. Ms. Oppenheim said they would use the full continuum when formulating the plan.

Director Van Vliet added that she is viewing her email with a new eye and looking for work already being done in other states and jurisdictions. What items might resonate with the work of creating the plan. Please be sure to send your ideas to Ms. Oppenheim at any time.

Chair Dickson is excited to see the process begin and for the Council to have a role in the plan creation.

**Report from Director Van Vliet**

Highlights:

- OHCS received an additional $10 million in EHA and SHAP during the session in February. We are working to make a plan for getting that money out the door.
- You have a revised agenda projection for you in your desk packet, with some updates and changes about future program, project changes.
- We will be going to Bend for a May 5th tour and the regular meeting on Friday, May 6th.
- Margaret went on a housing tour with Senator Merkley earlier this week. It was a productive and enlightening tour with our Congressional delegation.
- End of April convening of 8 states community action providers in Portland.

**Report from Chair Dickson**

Chair Dickson said he was looking forward to spending time with Governor Brown in an hour.

*Chair Dickson adjourned the meeting for lunch with a reminder to reconvene a few minutes before 1:00 p.m.*
Chair Dickson reconvened the meeting at 1:00 p.m. and introduced Governor Brown to the Council.

Statewide Housing Discussion with Governor Brown

Governor Brown shared some remarks about her statewide housing policy and concerns about housing and homelessness.

The Governor then opened the floor to the Council members and asked them to share their thoughts about housing and what we should be doing.

- Address land use and zoning changes that could complement communities and not promote sprawl.
- Creating the Statewide Housing Plan.
- Get to the core of the systemic issues families face when trying to access housing. Think on a more holistic level.
- Focus on alignment and social equity and keep these two topics as cornerstones.
- Aggressively go after areas where we as a state still operate in silos and look for alignment opportunities.
- Get clear about outcomes. Help those populations which are under-served.
- Working with the non-profit and private sector partners.
- Economy, job creation and opportunity. Sustain and attract businesses.

Do you have any ideas about how the state can be innovative, try new partnerships or take a new approach?

- There is some momentum around engaging with businesses to utilize the technology platforms which non-profit and government sectors could use to eliminate redundant processes.
- Continue the leadership role with workforce programs and supplement federal money.
- There is a great need for affordable housing in Oregon. It is important to address the gap between what we can deliver and the demand.
- Replicate best practices from across the country.
- Housing is one piece, but the need for education, work force and supportive services for people so they move forward is where alignment is critical.
- The state should go after every federal dollar available to us.

Director Van Vliet expressed her thanks to the Governor for coming to the meeting today.

Chair Dickson adjourned the meeting at 1:30 p.m.
OHCS REMARKABLE SERVICE
Strategic Imperative

As OHCS strives to refocus on facilitation, an emphasis on service will be paramount, as will clarity of the agency’s role in support of local and regional collaboratives. As we position ourselves to provide remarkable service within a broader prosperity agenda, OHCS will endeavor to rebalance its regulatory role with a commitment to be nimble, risk tolerant and solutions-oriented. Given feedback from key stakeholders, partners and customers, striking the right balance here will enhance OHCS’s credibility and should also allow the agency to reduce workload and overhead costs over time.
HIGHLIGHTS FROM 2015

• Assess Regional Collaborative efforts
  • **Coordinated Care Organizations**
    • Health and Housing Integration Forums
      • Medford, Linn/Benton/Lincoln Counties, Mid-Willamette Housing Planning, Coos/Curry County, Josephine County, Eastern Oregon, Portland
      • Connecting the dots between Health and Housing
  • **Early Learning Hubs**
    • Included in housing planning efforts
    • Service integration
HIGHLIGHTS FROM 2015

- Assess Regional Collaborative efforts
  - Regional Solutions
    - Housing Planning/Land Use
      - Central Oregon, Hood River, Clatsop County
    - Manufactured Home Replacements, and Distressed Parks
      - Curry County, Lane County
  - Workforce Investment Boards
    - Clackamas County WIB connections to DHS Self Sufficiency clients
  - United Way Community Strengthening Partnerships
    - METRO focus, aligning work across collaboratives
    - Equity approach
    - Understanding housing and service partnerships
HIGHLIGHTS FROM 2015

• Strengthen partnerships across state agencies
  • Oregon Health Authority
    • Addictions and Mental Health Planning and Advisory Committee (AMHPAC)
    • Innovation Accelerator Program (IAP)
    • 1115 Medicaid Flexible Services Waiver Renewal
    • Behavioral Health Housing
  
  • Department of Human Services
    • Housing with Services Task Force
    • Innovation Accelerator Program (IAP)
    • LIFT
  
  • Department of Land Conservation and Development
    • Housing Planning and Fair Housing
  
  • Department of Corrections
    • Governor’s Reentry Task Force subcommittees
2016 FOCUS AREAS

• Moving the dial on Best Practices
  • **Innovation Accelerator Program (IAP)**
    • Track One: Supporting Housing Tenancy
      • State level partnership with the OHA and DHS
      • Webinar Series
      • Medicaid Crosswalk completed
  
  • **Track Two: State Medicaid-Housing Agency Partnership**
    • In person meetings with the Center for Medicaid and Medicare Services, HUD, USICH and CSH
    • Action Plan development

• **Medicaid 1115 Flexible Spending Waiver Renewal**
  • Oregon Health Policy Board Presentation on April 5th
  • Medicaid Housing Services Benefit
2016 FOCUS AREAS

• Moving the dial on Best Practices
  • Permanent Supportive Housing
    • IAP and 1115 waiver emphasis
    • Behavioral Health Housing $20 million

• Reentry Housing
  • Engaging with Local Public Safety Coordinating Councils (LPSCC)
  • Participating in Joint Interim Task Force on Reentry, Employment, and Housing
2016 FOCUS AREAS

- Community Partnerships and Outreach efforts
  - **Statewide LIFT Outreach**
    - April through June
    - Convening partners across the state
  - **Tribal Outreach**
    - Legislative Commission on Indian Services, and targeted outreach to Tribal PHA’s
- **Statewide Housing Plan**
  - Addition to Housing Integrator Workplan
Date: 4/25/2016

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 75% of the applicable area program purchase price limit, or $190,000, whichever is greater.

Considerations:

1. The loan(s) under consideration is greater than or equal to 75% of the applicable area program purchase or $190,000, whichever is greater.

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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Date: May 6, 2016

To: Housing Stability Council Members
   Margaret S. Van Vliet, Director

From: Julie V. Cody, Assistant Director Housing Finance

Re: LIFT Program Follow-up and Recommended Action

MOTION: Housing Stability Council approves the attached LIFT Program Design Framework and authorizes OHCS to move forward with program implementation.

At your April 1st meeting, you reviewed our draft and were unable to come to agreement with the proposed LIFT subsidy per unit cap. Since that time we have done significant work to refocus the LIFT program framework and have an updated version for your consideration. Given the scale of changes I request that you carefully read the entirety of the revised document as our goal for the May Housing Stability Council meeting is to finalize and approve the framework in its entirety.

SB 1582 established that the Housing Stability Council provide advice and oversight on program design and implementation. It’s in this context that we are seeking your approval of the Program Design Framework.

This updated framework significantly focuses the program by identifying the primary program goals within the longer list we had been working with previously.

In consideration of conversations around the LIFT program we have identified that the primary program goals are to:

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

Secondary program goals are then identified as:

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

Once these primary goals were established, additional work was done to streamline the program design; focusing largely on the primary goals in program allocation and then use secondary goals as tools to prioritize projects for funding.
In addition, this framework presents an updated approach to the per unit subsidy cap in order to respond to concerns that the LIFT funds may not be able to be fully committed within a cap of $32,000 per unit of LIFT subsidy. In the revised approach, projects requesting no more than $38,000 per unit of LIFT subsidy would receive primary consideration for funding. These proposals will be rated and ranked by a scoring committee based on a scoring methodology for projects with primary consideration that aligns with the policy and outcome objectives of the program.

For potential secondary consideration, OHCS will also accept proposals for projects seeking a higher per unit subsidy, but OHCS and its scoring committee will decline to review those proposals if they determine, in good faith, that all available program funds can be deployed to projects in the priority consideration category. Such secondary projects, seeking amounts greater than $38,000 per unit, will need to demonstrate achievement of greater policy benefits and target outcomes as measured by scoring criteria specific to these projects.

Attachments: Updated LIFT Program Design Framework (5/6/16)
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.

OHCS has been working with the Housing Stability Council 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 funds 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.

**Program Goals and Outcome Measures:**
Given guidance provided from Governor Brown, the legislative process, and the stakeholder process, OHCS hopes to achieve several outcomes:

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 families earning at or below 60% area median income, receiving services through Oregon’s Department of Human Services (DHS) child welfare or family self-sufficiency programs.
3. Identify innovative building strategies that result in lower cost of affordable housing development that is replicable.

Outcome measures of the LIFT program are:

1. Increase in affordable housing inventory; measured by the number of new units built.
Housing Stability Council
LIFT Program Design Framework DRAFT
May 6, 2016

a. More affordable rental housing units available in small rural communities with population under 25,000.

b. More affordable rental housing units available that serve communities of color

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

3. Vulnerable households stabilized; measured by comparing the length of a specified household’s tenancy in a LIFT-funded unit to the number of moves that resident experienced in the prior 24 months.

4. Implement innovative and replicable cost containment strategies; measured through comparison of projects funded with LIFT proceeds to traditional multifamily housing costs, such as RS Means.

Funding design to overcome disparities
Since the use of funds are intended to overcome historic disparities, projects will either need to be (a) located in a rural community, OR (b) designed to serve communities of color.

a) Rural communities are defined as Oregon cities with population less than 25,000 that are outside of the Portland Metropolitan Urban Growth Boundary.

b) 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. In general OHCS would expect that addressing this disparity could be accomplished in one of the following ways:

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

ii. An ongoing service partnership with a culturally specific organization.

iii. A relevant marketing and outreach plan designed to publicize to communities of color the availability of the new housing opportunities created by the project, and to affirmatively further fair housing.

iv. A project explicitly designed and located to address displacement.

Project selection
A solicitation for projects will be conducted through a streamlined competitive notice of funding availability (NOFA).
a. All applications need to meet minimum requirements as summarized below and articulated in the NOFA.

b. A scoring committee (Committee) comprised of representatives from communities of 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 minimum requirements.

c. The job of the Committee will be to rate and rank project applications, and to make funding recommendations to the Director of OHCS. In carrying out their role, the Committee will be asked to:

   i. Establish priority consideration in fund recommendations for projects requesting $38,000 per unit or less in LIFT subsidy.

   ii. Determine whether the projects requesting above $38,000 per unit with secondary consideration should be reviewed for funding; OHCS and its Committee may decline to review those proposals if they determine, in good faith, that all available program funds can be deployed to projects in the priority consideration category.

   iii. Strive for geographic diversity in LIFT funding recommendations and will have the ability to consider geographic distribution along with overall score in the prioritization of projects.

d. The 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 minimum requirements to be reviewed. In some cases, OHCS will have a preference for exceeding these minimum requirements which are detailed below under selection criteria.

1. LIFT subsidy per unit:

   a. Priority consideration for applications requesting $38,000 LIFT subsidy per unit or;

   b. Secondary consideration for applications requesting more than $38,000 LIFT subsidy per unit; where OHCS and its Committee may decline to review those
proposals if they determine, in good faith, that all available program funds can be deployed to projects in the priority consideration category.

c. OHCS does not intend to contribute other State grant resources.

d. 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.

2. 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 longer, will be required.

3. 100% of the newly constructed units funded with LIFT resources must 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.
   a. If a 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.

4. Maximum rents allowable for 100% of the units financed with LIFT will be based on 60% HUD Area Median Income standards.

5. 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.

6. Units must ready for initial lease-up within 30 months of a LIFT funding reservation.

7. Sponsors need to demonstrate that the development team has relevant experience with the development and operation of affordable housing.
8. 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 fees (e.g., application fees, document preparation fees, OHCS’ legal fees, on-going compliance monitoring fees, etc.); and will be consistent with the industry standard minimum requirements of mortgage lenders, investors, and other potential public funding sources. These will include loan-to-value, debt coverage, expense ratios, and reserve requirements.

9. Developer fees will be capped at a rate less than allowed through federal tax credit projects as defined in the most recent OHCS Qualified Allocation Plan.

10. Compliance monitoring throughout the period of affordability will be minimal while managing risk to the State. It will include:
   a. Initial household income verification.
   b. Annual income verification through self-certification.
   c. Risk-based physical inspections every 1-3 years based on property condition.
   d. 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.

11. 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.
   a. Operational structure: (Subject to change based on the State’s bond counsel)
      i. The State of Oregon, by and through Oregon Housing and Community Services (OHCS), would be a limited partner or member, or special limited partner, or member of a single asset entity Limited Partnership, or a Limited Liability Corporation.
      ii. OHCS would be provided certain rights over including but not limited to the hiring and firing of the property management firm, setting of rents, initial lease up, and use of reserves.
      iii. In order to ensure OHCS’ contribution to the project is structured appropriately to meet the legal and tax definitions of equity, LIFT funds will go into the project as a limited partner equity contribution. This structure will require OHCS to articulate an exit strategy. The exit
strategy will be utilized at a point in the future, after the initial affordability period, at which time OHCS will step out of the ownership and operations of the project.

b. Ownership (Fee Simple) structure:
   i. The State of Oregon, by and through OHCS, would utilize LIFT funds to purchase land on which a multifamily affordable project would be built.
   ii. OHCS would enter into a long term ground lease with the sponsor of the multifamily affordable housing project.
   iii. The land lease would not be subordinated to a lender, investor, or other party in the multifamily affordable housing project.

Selection Criteria for Primary Consideration Applications:
Projects that meet or exceed the minimum requirements outlined above that are requesting $38,000 LIFT subsidy per unit or less 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. 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.
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 for Secondary Consideration Applications:
OHCS and its 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 which will be further developed in the NOFA solicitation. Below are some initial selection criteria for secondary consideration applications:

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.

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.
Written testimony:

LIFT Program Design
April 20, 2016

Housing Stability Council Members
Oregon Housing and Community Services
North Mall Office Building
725 Summer Street NE, Suite B
Salem, Oregon 97301-1266

Re: LIFT Program

Dear Council Members,

I am writing about my strong support for the LIFT program. It is a great opportunity to get affordable housing built quickly. It will not be easy, but it is a unique moment to hopefully gain more units in a time of an unprecedented housing crisis throughout the State. If we can achieve success rapidly in generating new housing units, we hopefully can show the Legislature that more funds should be allocated to this worthy cause.

I have specific comments on the program that I address below.

1. **The $32,000 Subsidy Cap.** It is clear in my mind that $32,000 will not alone be sufficient to build quality affordable housing units with rents set based on 60% of Area Median Income. Projects will need other gap funding to make them pencil. Notwithstanding, we believe that with some help from local municipalities in the form of system development charge reductions and land cost assistance and utilizing the 4% LIHTC tax credit, we can build quality properties with only the $32,000 assistance from OHCS. It is our intention to file two applications using innovative cost measures for LIFT funding this summer. We think we can make it work.

If there are concerns about the $32,000 limitation, I strongly urge you to consider creating a secondary pool for applicants requesting more subsidy than $32,000, which pool would allocate unreserved funds to those with the higher subsidy requests.

2. **Framework Comments.** I do have some concerns about the proposed Framework for LIFT funding. The principal concern is the limited scope proposed for the required State ownership interest. I understand the need for a State ownership interest, but only two avenues are
provided: (a) a special investor interest in a limited partnership or limited liability company (in which OHCS would invest the funds as a capital contribution) or (b) a long term lease of the property to the operator. The LP/LLC scenario will not work for 4% tax credit deals as OHCS will have a significant capital contribution in the deal, which will eventually allocate tax credits away from the investor who is making an investment to get the tax credits. That leaves the long term lease alternative for 4% credit transactions. Without OHCS flexibility in crafting that lease relationship, it will be exceedingly difficult to create a transaction that will be acceptable to lenders and investors. I am confident that creative lawyers can come up with a structure that meets the general requirements, but OHCS will have to bend a little to make this form of transaction work. Secondly, it would also be extremely helpful if OHCS minimized ongoing compliance requirements.

We are excited about the opportunity of partnering with OHCS to create new affordable housing units in Central Oregon using LIFT funds. We look forward to the rollout of the LIFT program.

Very truly yours,

[Signature]

Thomas J. Kemper
Executive Director

CC  Margaret Van Vliet
April 6, 2016

Dear Ms. Van Vliet:

It was a pleasure to see you last week at the roundtable with Senator Merkley in Eugene. At that time I expressed my concern about the proposed use of the LIFT funds. These Oregon bond backed funds were, in my reading, to encourage "out of the box and innovative" housing development that could be landed quickly. My reading was that this was in recognition of the continuing affordable housing shortfall in the State, and the frustration with the high cost of traditional development. As we all know, most affordable housing development requires many layers of funding from a wide variety of sources. Necessarily, this "layering" slows and adds to the cost of development. The LIFT funds were to see what could be achieved by streamlining the process by simplifying development sources.

That does not seem to be the direction this funding is heading. If that is the case, it is a great pity, as the attempt to divine more efficient strategies has not been attempted. I would urge you to work with policy makers to at least give innovation a shot.

Sincerely,

Terry McDonald
St. Vincent de Paul Society of Lane County