$80 million in Article XI-Q Bonds to fund LIFT 2.0 through bond sales in spring 2018 and spring 2019

In order to have identified projects prior to the spring 2018 bond sale, a NOFA must be issued before the end of 2017

LIFT 2.0 Framework Draft includes an updated rental concept, as well as a new homeownership concept

Framework Discussion with Housing Stability Council in September 2017
  – Provide written feedback submitted via email
  – Public Testimony

Final Framework for consideration in October 2017

NOFA development November 1017 and issuance in December 2017

Bond Sale in Spring 2018, currently slated for May
Bill that established LIFT used the Housing Stability Council to establish policy direction:

- (4) In funding the acquisition, construction, remodeling, repairing, equipping or furnishing of qualified property under the program, the department, with the advice and consent of the council, may: (a) Adopt criteria that:
  
  a) Provide the greatest number of affordable housing units for the amount of funding provided;
  
  b) Ensure the longest possible use of the qualified property as affordable housing units;
  
  c) Optimize the function and duration of the affordable housing project; and
  
  d) Take into account the means to reduce the cost of the affordable housing project while considering factors such as the quality of construction, durability, location and local design requirements;
(6) For purposes of implementing the program, the council shall develop strategies to:

a) Reach historically underserved communities, including communities of color and rural communities;

b) Reduce the cost of acquiring, constructing, remodeling, repairing, equipping or furnishing qualified property that is owned or operated by the state for the purpose of providing affordable housing; and

c) Involve Department of Human Services child welfare and self-sufficiency programs.
LIFT Rental Housing Framework

• Rental concept developed based on significant feedback from current LIFT recipients; Developer community based on first round of LIFT funding; assessment of current project performance; LIFT 1.0 funding round.

• Goal of LIFT 2.0 revisions strive to:
  – Increase program efficiencies and reach
  – Stay true to the program intent of serving families,
  – Encourage partnerships with service entities to target households most in need, and
  – Incentivize low subsidy development that is delivered timely.
LIFT Homeownership concept is new to the Framework; first challenge is finding a way to meet the ownership / operational requirements that come with the constitutional requirements of Article XI-Q bonds.

Held an in person meeting with homeownership stakeholders as well as individual interviews to build a preliminary concept.

Early legal indication is that the subsidy will need to be limited to the value of the land + site improvements, where the land is held by the project sponsor and the home is sold to a homeowner with a long-term land lease.
• Rental set-aside = $32 million (80%)
• Homeownership set-aside = $8 million (20%)
• Primary Goals:
  – Create a large number of new affordable housing units to serve low income Oregonian families (same)
  – Serve historically underserved communities (same):
    • Soft set-aside where half of funds within each activity to projects that serve communities of color (same)
    • Soft set-aside where half of funds within each activity to projects that serve rural communities (same with updated rural definition)
LIFT Framework

• Updates:
  – Expanded definition of partnerships; to include DHS program and referral partnerships as well as formalized partnerships with Community Action Agencies, Coordinated Care Organizations, and Homeownership Centers
  – Rental Housing;
    • including use of OAHTC that results in decreased rents to serve households at lower income levels
    • Ability to leverage OHCS weatherization funds to incentivize energy efficient design
    • Increased focus on low state subsidy per unit through scoring
    • Elimination of Primary and Secondary Consideration based on fund requests in favor of one overall cap:
      – $75,000 per LIFT unit when leveraging 4% LIHTC resources
      – $125,000 per LIFT unit when used without 4% LIHTC
Factors that informed the cap recommendations:

- LIFT 1.0 did not have an overall funding cap, which allowed projects requesting upwards of $300,000 per unit to be eligible for LIFT funding.
- LIFT 1.0 was not over-subscribed in primary consideration.
- Stakeholders indicated primary reason for not participating in the program was lack predictability of being considered under secondary consideration.
- Of the funded LIFT projects, nearly half are continuing to struggle to find ways to cover costs and bring additional resources to the deal which has been harder than they had anticipated; there is the potential for projects to return their funding reservation.
- Social objectives related to the program cause the need for greater subsidy given the target of very low-income families.
Incentivizing Low Subsidy in Rental Housing:

- In scoring, the framework establishes the concept that projects requesting less LIFT subsidy per unit would receive more points than those requesting amounts closer to the overall funding caps.
- To scale these points to be a large number and therefore a significant determining factor in what project is awarded funding.
- Need to balance the desired outcomes to assist very low-income families participating in the DHS Self-Sufficiency program.
Identified Policy Questions

- Net New Units?
- Affordability period for Homeownership activities
- Developer fee for homeownership
- Serving a rural community or serving a community of color; do these threshold criteria need to differ for homeownership vs. rental?
Next Steps

• Incorporate, and follow up on, Housing Stability Council Feedback
• Continue outreach with stakeholders
• Provide updates and framework for consideration at the October Housing Stability Council meeting
• Once final framework adopted; staff will be able to begin developing the NOFA solicitation which will ideally be open before the end of 2017 so that applications can be received in advance of a LIFT Article XI-Q bond sale in the Spring of 2018
Council Discussion and Feedback