

Affordable Housing Funding Notice

Oregon Housing and Community Services



MULTIPLE AWARD OPPORTUNITY Notice of Funding Availability (NOFA) #2021-3

Local Innovation and Fast Track (LIFT) Program HOME OWNERSHIP

NOFA Issued: January 13, 2021

Initiate Procorem Access by: February 3, 2021

Proposal Due Date: March 24, 2021
Proposal Due Time: 4:00 PM PST

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1.0 INTRODUCTION

1.1 Purpose

The Oregon Housing and Community Services Department (“OHCS”), is seeking applications (“Applications”) in this Notice of Funding Availability (“NOFA”) for the new construction of affordable, homeownership housing developments (“Projects”) that will serve statewide qualified low income homebuyers earning at or below 80% area median income. The source of funds under this NOFA is the Local Innovation and Fast Track (LIFT) program. One of the statutory goals for LIFT is to provide housing to underserved communities, which are defined as rural communities and Communities of Color. OHCS intends to prioritize allocations of LIFT resources to maximize the impact of these explicit goals.

1.2 Definitions

For purposes of this NOFA, the following terms have the following meanings:

Affirmatively Furthering Fair Housing: Affirmatively Furthering Fair Housing (AFFH) is a legal requirement that federal agencies and federal grantees further the purposes of the Fair Housing Act. This obligation to affirmatively further fair housing has been in the Fair Housing Act since 1968 (for further information see Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3608 and Executive Order 12892). HUD's AFFH rule provides an effective planning approach to aid program participants in taking meaningful actions to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities that are free from discrimination. As provided in the rule, AFFH means "taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. The duty to affirmatively further fair housing extends to all of a program participant's activities and programs relating to housing and urban development.¹

Agreement Documents: Means the funding documents, the final form of which are satisfactory to OHCS, in consultation with the Oregon Department of Justice and executed in connection with the Project.

Allocation: Includes any funding allocated under this NOFA.

Applicants: Means persons or entities that are submitting an Application responsive to this NOFA.

Communities of Color: Identity-based communities that hold a primary racial identity that describes the racial characteristics of the community that its members share (such as being African American) that supports self-definition by community members, and that typically denotes a shared history and current/historic experiences of racism. The community may or may not also be a geographic community. Given that race is a socially-defined construct, the definitions of these communities are dynamic and evolve across time.²

¹ U.S. Department of Housing and Urban Development.

² Adapted from: Curry-Stevens, Ann, Marie-Elena Reyes & Coalition of Communities of Color (2014). *Protocol of Culturally Responsive Organizations*

Culturally Responsive Organization: means an entity that comprehensively addresses power relationships throughout the organization, from the types of services it provides and how it maximizes language accessibility to its human resources practices—who it hires, how they are skilled, prepared and held accountable, to its cultural norms, its governance structures and policies, and its track record in addressing conflicts and dynamics of inclusion and exclusion, to its relationships with racial groups in the region, including its responsiveness to expectations. A Culturally Responsive Organization is one that is dynamic, on a committed path to improvement and one that is hardwired to be responsive to the interests of Communities of Color, service users of color and staff of color. Culturally responsive organizations hire and train culturally and linguistically diverse staff to meet the needs of the diverse communities they serve.*

Culturally Responsive Services: means services that have been adapted to maximize the respect of and relevance to the beliefs, practices, culture and linguistic needs of the diverse client populations and communities being served, including clients and communities of color. Cultural responsiveness describes the capacity to respond to the issues of diverse communities. Culturally responsive services assure competent language access and incorporate diverse cultural approaches, strengths, perspectives, experiences, frames of reference, values, norms and performance styles of clients and communities to make services and programs more welcoming, accessible, appropriate and effective for all eligible and intended recipients.*

Culturally Specific Organization: an entity that provides services to a cultural community and the entity has the following characteristics:

- Majority of members and/or clients must be from a particular community of color;
- Organizational environment is culturally focused and the community being served recognizes it as a culturally specific entity that provides culturally and linguistically responsive services;
- Majority of Staff must be from the community being served, and the majority of the leadership (defined to collectively include board members and management positions) are from the community being served;
- The entity has a track record of successful community engagement and involvement with the community being served; and
- The community being served recognizes the entity as advancing the best interests of the community and engaging in policy advocacy on behalf of the community being served*

Rural Areas: An eligible category for receiving LIFT funds through this NOFA which focuses funding on Projects that will serve to overcome historic disparities. Rural areas are defined as:

- Communities with population 15,000 or less outside of the Portland Urban Growth Boundary in counties within Metropolitan Statistical Areas (Benton, Clackamas, Columbia, Deschutes, Jackson, Josephine, Linn, Lane, Marion, Multnomah, Polk, Washington and Yamhill Counties), or
- Communities with 40,000 population or less in the balance of the state.

NOTE: if a city was eligible to be considered rural by population within the same dataset and currently has a population that is within 5% (five percent) of the established rural definition for this NOFA, they can be considered rural for the purposes of this application.

* Adapted from Curry-Stevens, Ann, Marie-Elena Reyes & Coalition of Communities of Color (2014). *Protocol for Culturally Responsive Organizations*

Service to Communities of Color: 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. Any approach that is chosen must include intentional engagement with Communities of Color for services planning for the development. In general, OHCS would expect that addressing this disparity will be accomplished in one or more of the following ways:

- Development, sponsorship or management by a *Culturally Specific* or a *Culturally Responsive Organization* with a diverse and representative leadership.
- Ongoing service partnership with a *Culturally Specific* or a *Culturally Responsive Organization*.
- 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 consistent with the Fair Housing Act*.
- Project explicitly designed and located to address displacement of *Communities of Color*.

Scoring Committee: Includes representatives from Communities of Color, Rural Areas, Urban Areas, OHCS and DHS leadership, and persons with other relevant policy and development expertise that will be assembled to review all Applications that have met the minimum requirements.

Urban Areas: An eligible category for receiving LIFT funds through this NOFA which serve all other areas in Oregon that aren't included in the "Rural Areas" definition. *All Communities within the Portland Urban Growth Boundary are considered Urban and not considered Rural regardless of size.*

1.3 Funding Source and Limitations

A. Funding

The LIFT program is funded through Article XI-Q Bonds. In the 2019 Oregon State Legislative session, \$150 million in funding was provided to OHCS in the form of Article XI-Q bond authority for the LIFT program for the 2019-2021 biennium. Of the \$150 million of funds, 80 percent are targeted to the development of rental projects ("LIFT Rental"), and the remaining 20 percent are targeted to the development of affordable homeownership projects (LIFT Homeownership). This NOFA represents the second LIFT Homeownership offering of the biennium. Funding available through this NOFA is \$16,625,000 based on current unreserved LIFT resources. If additional LIFT Homeownership resources become available, OHCS may add those to the resources that are awarded from this NOFA. Currently, LIFT funds are the only resources available through this NOFA for homeownership development, though eligible homebuyers may be eligible to utilize a mortgage through the Oregon Bond Residential Loan Program for the purchase of homes that result from this NOFA.

All LIFT Program Requirements governing funding and relevant to a particular Application must be satisfied by the Applicant in order to qualify for funding under this NOFA.

B. Set-Aside.

A soft set-aside is established to commit half of the total LIFT resources to Urban Areas and half to Rural Areas. In this NOFA, \$8,312,500 of the available LIFT funds will be targeted to serve Rural Areas and \$8,312,500 of the total available LIFT funds will be targeted to serve Urban Areas. If the next Project within the set-asides requires more funds than remains in the particular set-aside category, those funds will be grouped together with similar funding from the other set-aside category and the combined funding will go to the highest scoring Project able to be funded. If there are not enough Projects able to be funded (having passed preliminary and threshold minimum requirements) to use all resources for one of the set-aside categories, those funds will be made available to fund Projects in the other set-aside category. If the next Project cannot be fully funded with available LIFT, OHCS may leverage other available OHCS gap funding resources to fully fund a Project.

If funds from this NOFA are undersubscribed, OHCS reserves the right to award the remaining funds to projects submitted through the LIFT Rental NOFA if the LIFT Rental NOFA is oversubscribed.

C. Funding Limits.

Applications may request a LIFT subsidy up to the **LESSER** of:

- The value of the land plus infrastructure/site-work (excluding housing structures), verified through an as-built appraisal, assessed value, or real market value
- OR
- \$100,000 per LIFT homeownership unit

IMPORTANT NOTE ON LAND VALUATION AND LOAN REQUEST

- The requested LIFT funding amount must be supported at the time of the Application, by a valuation of the land or by a valuation of the land including its infrastructure (excluding housing structures).
- If an appraisal is not able to be provided in time for the Application due date, Applicants may submit, as evidence of the land valuation, the real market value or assessed value of the land as of the time of the Application.
- An Applicant may request a LIFT loan amount (not to exceed \$100,000/unit) greater than the real market value or assessed value of the land if the Applicant believes that the appraised value of the land will exceed the real market value or assessed value.
 - If the request for LIFT loan funding exceeds the provided valuation (subject to other limitations), the Applicant must guarantee to cover any gap with cash or a loan if the final land valuation is not high enough to cover the entire requested LIFT loan funds.
 - Documentation of the availability of the gap coverage must be submitted at the time of the Application (a commitment letter or LOI).

1.4 Reservation Process

A. Application Ranking Process

LIFT Funds are reserved by OHCS on a competitive basis to Projects of qualifying Applicants that:

1. Pass the Preliminary Review;
2. Meet the Threshold Requirements; and

3. Have the highest-ranking score from the Scoring Committee in accordance with available funding, subject to prioritization of qualifying Projects.

During the scoring and reservation process, limits on the remaining available funding may result either in lower-ranked Applications receiving a funding Reservation if higher-ranked Applications would require funding that exceeds the amount that remains available for awards. In the event of a tie, and assuming sufficient funding for either of the tied Applications, OHCS will apply the following tie breaking rules in making funding awards.

B. Tie Breaking Rule

If the total evaluation scores of two (2) or more Applications result in a tie and funding availability is insufficient to fund all tied Applications, the following scores, in order of priority, will break the tie:

1. The Project determined to achieve greater geographic distribution.
2. The Project with that will add the greatest number of affordable units that can be funded under this NOFA.

1.5 LIFT Homeownership Program Requirements

In addition to any other requirements in this NOFA, the following Project Requirements apply to all Projects funded through this NOFA ("Project Requirements"):

A. Eligible Activity

LIFT funds in this NOFA are for new construction of affordable homeownership housing units or the conversion of existing non-housing structures into new affordable homeownership housing units.

Please note:

- *Projects that are under construction (including site work) at the time of Application are not eligible for funding through this NOFA. Projects that begin construction after LIFT Fund Reservation and before LIFT loan closing may have their LIFT Fund Reservation revoked.*
- *Projects to rehabilitate existing residential structures or housing units are not eligible for funding through this NOFA.*

B. Affordability Period

OHCS has the discretion to meet the needs of the LIFT program, but generally, the affordability period will be established as the length of time the Article XI-Q bond is outstanding based on the original maturity date identified at time of bond sale, with a minimum of 20 years from the end of the year that the Project is placed in service or the length of the bonds outstanding, whichever is greater.

C. Incomes

All units funded through LIFT must be made available and affordable to households earning at or below 80% AMI at the time of the sale and any subsequent re-sales for the duration of the affordability period. Unit affordability terms pertain to both the purchase of the unit and the lease/rental of the land for the duration of the affordability period. At resale, all units will be marketed and sold to income eligible buyers. In cases where the funded Project is a multi-tenant, mixed income development, units deemed to be affordable will need to be dedicated upon sale.

D. Development Timeline

LIFT Homeownership units must be ready for initial sale within 36 months of a LIFT funding reservation.

E. Service to Communities of Color

All Projects funded with LIFT must include service to Communities of Color. This can be achieved in several ways and should be relevant to the community in which the Project is located, and the target population anticipated to be served. Any approach that is chosen must include intentional engagement with Communities of Color for services planning for the development.

F. Construction Standards

1. Methods: Both traditional and alternative methods of new construction are allowable; construction that is innovative in containing costs or otherwise serving lower-income populations is encouraged.
2. Quality: Construction that balances the initial cost of building with on-going costs of operation for the building owner (e.g., energy standards)
3. Durability: 30-year building standards
4. Other Requirements: If other public capital or operating subsidies are used in financing the Project, relevant requirements of those subsidy sources will also apply.

LIFT requirements are intended to encourage innovation and allow for all types of new construction. All Projects must meet local and state code requirements. In any case where another funding source has its own requirements, the most restrictive requirements will govern relevant development or construction of the Project.

G. Underwriting Guidelines

Underwriting guidelines will be applied by OHCS in its due diligence and the Project review process to ensure ongoing Project viability and risk mitigation associated with the LIFT funding source.

Applicants are required to include the following information with the Application. Please note that there may be additional requirements depending on the Project:

- Financing identified and available for the Project development;
- Letter of Interest (LOI) from a construction lender for overall Project;
- Project construction schedule supports that all homes in the Project will be ready for sale within 36 months of the Reservation Letter;
- Demonstrate that the Applicant has done due diligence and that potential lenders exist, include corresponding down payment / terms for initial and future home buyers. This is based on the Applicant's narrative response describing the mortgage market;
- Demonstrate experience or understanding in running a land lease or applicable association to ensure on-going compliance with the affordability requirements;
- Demonstrate knowledge and evidence of the market for the Project to income eligible households

(previous history, waitlist, community/regional homeownership market trends, etc.);

- Evidence that the current land zoning allows for the proposed Project; need for a zoning change is not allowed given time constraints of LIFT program;
- Valuation of land that justifies LIFT investment, as demonstrated by third party appraisal or as otherwise described in this NOFA
- Construction costs estimated based on thorough and defensible methods;
- The information submitted must clearly show a need for LIFT funds;
- For Projects that include more than 4 units, a Phase I study is required prior to closing. If a project has 4 units or less, the project sponsor can choose to opt out of a Phase I study and instead certify that the sponsor will not request additional funds from OHCS to mitigate issues found before, during, and/or after construction and during operation that would have been discovered by a Phase I; and
- Application of prevailing wage requirements to the Project (BOLI), if applicable

H. Profit

Sponsor/Developer profit from the sale of homes in the Project may not exceed 7% of the total Project costs and may not increase above what was included in the Application.

I. Compliance Monitoring

A compliance monitoring fee of \$25 per LIFT affordable home will be required annually. This fee may be adjusted over time by OHCS. Monitoring by OHCS will address elements of the Project's operation including:

1. Initial household income verification at home or unit purchase.
2. Subsequent sales of any home or unit during the affordability period will require verification of homebuyer income.
3. Regular or as needed verification of owner/homeowner/condominium association compliance with the Program Requirements.
4. Annual report on the Project's reserve fund and association's finances.
5. Annual notification of any homeowner or unit owner in arrears (of association assessments, property taxes, insurance, etc.) and a corresponding action plan of either the owner or the association.
6. Verification of appropriate maintenance and repair by the party responsible for the Project.

J. Other Program Requirements

1. LIFT funds will be loaned to qualifying Applicants that possess an undivided fee simple interest in the land upon which the Project will be constructed ("Property");

2. The LIFT loan must be secured by a first-lien deed of trust acceptable to OHCS recorded against the fee-interest in the Property and is not intended to encumber the sale of the units so that Applicants may convey marketable title to each eligible unit purchaser. OHCS may share a first-lien security interest with another lender, subject to the execution of OHCS' intercreditor agreement and other documents necessary to establish the relative priority and rights of the parties.
3. LIFT loans normally will be interest free and will be due and payable upon completion of the applicable term of required affordability period. LIFT loans may be prepaid without penalty. Loan satisfaction may also be accomplished by an equivalent extension of the affordability period, or by a combination of repayment and extended affordability as acceptable to OHCS; and
4. Because the LIFT program is funded using Article XI-Q bonds, OHCS is required to hold an appropriate operational interest in the Project, including the right to enforce the affordability requirements at initial and each subsequent sale of the units under either a community land trust or leasehold condominium structure. This is satisfied, in part, by execution of an Operating Agreement, Declaration of Restrictive Covenants ("Operating Agreement"). In addition to OHCS' loan documents and other financing documents, requires an extended ALTA title insurance policy in its favor with appropriate endorsements and that any ground lease or condominium documents include provisions to ensure OHCS' rights and remedies with respect to the affordability requirements.

2.0 APPLICATION REQUIREMENTS

2.1 Application Access

- Materials for the LIFT Homeownership NOFA Application will be available for download from Procorem, OHCS's online portal.
- In order to do this, Applicants must request access Procorem, by sending an email to HONOFA@oregon.gov no later than **February 3, 2021**.
- Once credentials are received, go to the Procorem login page:
<https://app.procorem.com/login> to access the LIFT Homeownership application.

Please note: applications can only be submitted electronically through Procorem. Hard copies, faxes, and electronic copies not submitted through Procorem will be automatically rejected and will not be reviewed or considered for funding.

2.2 Application Submission

A. Applications

**Applications must be uploaded into the Procorem portal by no later than:
March 24, 2021 at 4:00 PM PST.**

Applications in response to this NOFA can only be submitted through Procurement.

B. Charges

- All Applicants must submit application charges via mail. OHCS cannot accept any electronic payments for Application charges.
- **Applicants must submit the Application charges to the address below along with the transmittal form provided as part of the application materials in Procurement.** All Application charges must be postmarked by March 24, 2021. If the Application charge has a postmark date **after** March 24, 2021, the Application is considered incomplete. It will be automatically rejected and is ineligible for funding.

Oregon Housing and Community Services
Attn: Affordable Rental Housing Re: NOFA 2021-3
725 Summer St. NE, Suite B
Salem, OR 97301

Applications determined by OHCS to be incomplete, to not meet all submission requirements of this NOFA, or otherwise fail to satisfy Preliminary Review requirements will be deemed "non-responsive" and rejected without further review. Applications considered complete, meeting all submission requirements, and otherwise satisfying all Preliminary Review requirements by OHCS will be evaluated to determine if they comply with the Threshold Requirements. Applications determined by OHCS as failing to meet any of the Threshold Requirements will be deemed non-responsive and rejected without further review. Applications that meet the Threshold Requirements are considered responsive and qualify to be evaluated for ranking and award purposes by the Scoring Committee as described in this NOFA.

2.3 NOFA Questions

Inquiries relating to the NOFA process, its administration, or the substantive technical portions of the NOFA should be directed to:

HONOFA@oregon.gov

Please note "LIFT NOFA Question" in the subject line. Frequently Asked Questions with answers will be posted to the OHCS website and NOFA Workcenters at regular intervals during the time that the NOFA Response period is open. **The FAQ Period closes March 12, 2021 at 4pm PST.** When appropriate, revisions, substitutions, or clarifications will be issued as Homeownership Program News and Updates in the OHCS email Announcements and put forth as a revision to this NOFA.

To sign up for these, please follow the "Signup for E-News" link on the News & Updates section of the OHCS homepage and be sure to select "Homeownership Program News and Updates".
<https://www.oregon.gov/ohcs/about-us/Pages/news-updates.aspx>

Changes or modifications to this NOFA will ONLY be recognized if in the form of written technical advisory, issued by OHCS. OHCS shall provide copies of any advisories to all known NOFA recipients as well as post the addenda at: <https://www.oregon.gov/ohcs/homeownership/Pages/homeownership-funding-opportunities.aspx>

3.0 EVALUATION CRITERIA

If Applications pass the Preliminary Review, which includes timeliness and completeness criteria, the Application will move on to a review of Threshold Requirements. Review of the Threshold Requirements will be conducted to evaluate to determine whether Applications satisfy the Threshold Requirements. If, at any point, an Application fails to meet the threshold criteria listed in Section 3.2 below, the Application will be deemed nonresponsive and will not be reviewed further.

OHCS may employ, but is not limited to, the following selection criteria upon which to base its decisions:

3.1 Preliminary Review

Each Application will be reviewed for timeliness and completeness of the NOFA requirements. The following are Pass/Fail criteria:

- Application and all required materials submitted through Procore by Application due date and time
- Application charges postmarked by the date specified in NOFA.
- Complete NOFA Application with all required exhibits and any required supplemental information

3.2 Threshold Requirements Review

After passing Preliminary Review, all of these Threshold Requirements Review requirements must be met. The following are Pass/Fail criteria:

A. Readiness to Proceed

OHCS requires that Projects be planned at the time of Application and are ready to proceed upon meeting all Reservation Letter requirements. The required Project development schedule will demonstrate that units will be ready for initial sale within 36 months of a LIFT funding Reservation; Applicant must demonstrate reasonable and appropriate timeline as well understanding of timeline requirements.

Applicant must submit all requested documents on time and to be complete and accurate. OHCS may withhold construction closing for any Project until all required documents are received and approved by OHCS. Any Project awarded a funding reservation that has not abided by established milestone deadlines in good faith may have its funding reservation rescinded.

B. Development Team Capacity

1. Construction Experience

- a. Does the Applicant have a successful history of leading construction development Projects of similar (or larger) size and scope, such as, type of homes, size of project, type of construction, and new construction versus rehabilitative construction?
- b. If Applicant's history is limited, will the Applicant partner with an appropriate party to mitigate this limitation?

2. Financing Experience

- a. Does the Applicant have a successful history of closing the requested combination of financing?
 - b. If Applicant's history is limited, will the Applicant partner with an appropriate party to mitigate this limitation?
3. Development Team Experience
 - a. Has the Applicant managed similarly comprised development teams?
 - b. Explain the development team experience with Projects of this type, size, and scope.
 - c. If an Applicant has applied for multiple Project Reservations, does the development team have the capacity to administratively and financially support all Projects simultaneously?
 4. Financial Capacity
 - a. As disclosed in the Application or other required information, does the Applicant's financial condition indicate any adverse conditions that might materially impair the Applicant's ability to perform the financial obligations as Sponsor during the construction or stabilization of the Project?
 - b. As disclosed in the Real Estate Owned Schedule, is the Applicant's existing real estate portfolio stable and self-supporting? If there are any significant problems with Projects, is there a reasonable mitigation plan in place?

C. Financial Viability

1. Development budget review (Pass/Fail)
 - a. Budget includes realistic and available resources on the Sources of Funding.
 - b. All other sources of funds for the Project, excepting the LIFT funds, are committed.
 - c. Explanation of how the development budget will still be valid at the start of construction.
 - d. Well documented and explained construction costs - pass/fail
 - e. Construction documents provide enough detail to adequately calculate Project hard costs.
 - f. Construction estimates substantially agree with the budget

D. LIFT Agreement with OHCS

The LIFT program is funded using Article XI-Q bonds and requires the State of Oregon to hold an appropriate operational interest in the Project. This is satisfied, in part, by execution of an Operating Agreement.

E. Ownership Integrity

1. Neither Applicant nor any member or principal within the Project ownership or management will have been convicted of fraud, misrepresentation, theft or other moral turpitude within the previous ten (10) years.
2. Neither Applicant nor any member or principal within the Project ownership or management will have been involved in a bankruptcy proceeding within the previous five (5) years.
3. Neither Applicant nor any member or principal within the Project ownership or management will have been debarred or otherwise sanctioned by OHCS.

F. Service to Communities of Color

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. Any approach that is chosen must include intentional engagement with Communities of Color for services planning for the development. In general, OHCS would expect that addressing this disparity to be accomplished in one or more of the following ways:

- Development, sponsorship or management by a Culturally Specific or a Culturally Responsive Organization with a diverse and representative leadership.
- An ongoing service partnership with a Culturally Specific or a Culturally Responsive Organization.
- 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 consistent with the Fair Housing Act.
- A Project explicitly designed and located to address displacement of Communities of Color.

G. Commitment to Diversity, Equity and Inclusion (DEI)

Each Applicant must submit a signed DEI form, which commits to making strides toward diversity, equity and inclusion within the Applicant's organization as well as in the work it does.

3.3 Competitive Scoring

Applications that meet the Threshold Requirements will be scored competitively using the following criteria.

A maximum of one hundred (100) points is possible. Any Application that does not have the minimum overall score of fifty (50) points will be disqualified and will not be considered for funding.

Both quantitative and qualitative factors are considered in the scoring. The criteria to be used for each scored section is as follows:

A. LIFT subsidy per unit (up to 20 points):

- a. Projects requesting \$75,000 per LIFT unit or less will receive **20 points**.

- b. Projects requesting \$75,001-\$100,000 per LIFT unit will receive **10 points**.

B. Readiness to Proceed (up to 15 points)

Projects will receive points based on the ability to move forward on the Project in a short time frame. Evidence of readiness includes, site control, zoning, permitting, construction costs actual, architectural drawings, financing, and adequacy of site review checklist.

C. Demonstration of Construction Costs that are lower than comparable industry norms (up to 6 points)

- a. Costs (including construction costs and architectural fees) are greater than or equal to 15% or more less than comparable RS Means data published by OHCS based on general project type, 6 points
- b. Costs (including construction costs and architectural fees) are 5-14% less than comparable RS Means data published by OHCS based on general project type, 5 points
- c. Costs (including construction costs and architectural fees) are 0-4% less than comparable RS Means data published by OHCS based on general project type, 4 points
- d. Costs (including construction costs and architectural fees) are 1-5% of comparable RS Means data published by OHCS based on general project type, 3 points

D. Demonstration of innovation, efficiency, and replicability of building development or finance strategy (up to 9 points)

Applicants will provide a narrative for the Scoring Committee that demonstrates innovation, efficiency and replicability aspects of the proposed projects; to be scored up to 9 points

- *Innovation* means that a proposal is using a technique(s) as part of financing or building development that is new or original (up to 3 points)
- *Efficiency* means that a proposal is employing techniques that are aimed at reducing waste and increasing efficiency (up to 3 points).
- *Replicability* means that there is a unique attribute(s) of the proposal that can be used in other developments in other locations around the state (up to 3 points).

E. Narrative Strategy to Increase MWESB Participation (up to 5 points)

Applicants will provide a narrative for the Scoring Committee that includes the project's approach to increasing Minority, Women's and/or Emerging Small Business (MWESB) Engagement in the project and should include the following information:

- Identify Owners MWESB/SDVBE COBID Certified firm participation goal for project
- Outline the steps the construction team will take to achieve the owner's goals for participation by COBID Certified subcontractors and suppliers
- Provide summary of general contractor's profile and team member demographics
- Provide details of general contractor's history of addressing MWESB/SDVBE sub-contractor diversity, equity, and inclusion in affordable rental housing projects

All Awardees will be responsible for adherence to and reporting of Minority, Women's and or Emerging Small Business (MWESB) engagement

The OHCS MWESB Policy can be found here:

<https://www.oregon.gov/ohcs/development/Pages/notice-of-funds-availability.aspx>

F. Demonstration of Financial Viability (up to 10 points)

- a. Committed funding sources; LOI from construction lender
- b. Project costs substantiated and reasonable
- c. Evidence of market for Project and funding partners for homebuyer mortgages

G. Demonstration of capacity of the development team; understanding of development dynamics (up to 10 points)

Narrative provided demonstrates that the development team members have a comprehensive understanding of the development process. Applicant must succinctly provide an overview on the current status of the project, potential barriers to success and the strategies they plan to use to be successful in bringing the project to fruition. Additionally, the narrative should include an overview of recent development experience of the core development team to establish that the appropriate expertise is engaged. This will be scored by the Scoring Committee.

H. Demonstration of capacity of management group (up to 10 points)

Narrative provided demonstrates and provides evidence/information that the management group has the capacity to administer LIFT program along with Land Trust, HOA, or affiliated organization. Summarizes the organizations experience in affordable housing, and affordable homeownership in particular. How will the affordability of homes be maintained for the duration of the affordability period? How will compliance and reporting to OHCS be handled? This will be scored by the Scoring Committee.

I. Service to Communities of Color (up to 15 points)

1. Urban Areas

Points will be awarded based on comprehensiveness, specificity, quality of engagement and quality of services, according to the following criteria. The intent of this scoring is to ensure that underserved Communities of Color are represented in Project design and sales. **Applications must score a minimum of 5 points in this section and respond in full to each question in this section to qualify for LIFT funding.**

- a. Tell us about historically underserved Communities of Color in your metro area including demographics and other factual data in your response.
- b. How have you connected to this community or communities in planning for this project?
- c. How do you plan to ensure that members of this community or communities are aware of the housing opportunity?
- d. What barriers do you anticipate members of these communities encountering in accessing housing? What is your plan for mitigating identified barriers to access?

- e. How will you serve this community or communities through building operations? Attach actionable MOUs with service organizations as Exhibit 1. ***Please note: Signed MOUs with service providers are required in order to score points for this criterion.***
- f. How were unit size/building configuration influenced and informed by what you have learned about the community/communities you are serving?

2. Rural Areas

Points will be awarded based on comprehensiveness, specificity, quality of engagement and quality of services, according to the following criteria. The intent of this scoring is to ensure that underserved Communities of Color are represented in Project design, and lease-up. Scores will be scaled to the populations within rural areas, which are understood to be different than those in urban areas. Culturally responsive resources that foster connections with Communities of Color in rural areas are less likely to be stand-alone organizations. Instead, Culturally Responsive Services and resources may be part of the array of services offered through organizations that serve the broader community and have connections to provide support to Communities of Color. **Project applications must score a minimum of 5 points in this section and respond in full to each question in this section to qualify for LIFT funding.**

- a. Tell us about historically underserved Communities of Color in your region, including demographics and other factual data in your response.
- b. How have you connected to this community or communities in planning for this Project? ***Some examples include outreach partnerships with community agencies, places of worship, community centers, stores that sell culturally specific products***
- c. How do you plan to ensure that members of these communities are aware of the housing opportunity? Please describe planned outreach efforts and community resources that you will connect with/utilize
Some examples include outreach partnerships with community leaders, places of worship, community centers, stores that sell culturally specific products
- d. What barriers do you anticipate these communities encountering in accessing housing? What is your plan for mitigating identified barriers to access? ***Some examples include making materials available in languages other than English, less restrictive qualifications for income and/or criminal background screening, an approach of screening tenants into units as opposed to screening tenants out***
- e. How will you serve this community(ies) through building operations? Please attach actionable MOUs with service organizations as Exhibit 1. ***Please note: Signed MOUs with service providers are required in order to score points for this criterion.***
- f. How were unit size/building configuration influenced and informed by what you have learned about the community/communities you are serving?

J. Federally Declared Wildfire Disaster Area (Up to 5 points)

Up to five points will be attributed based on adopted scoring for areas impacted by the 2020 Wildfires. These points are scaled in relationship to the overall housing impact within the 8 federally declared disaster area counties, focusing on cities and Census Tracts as appropriate. Additional detail on these points can be found in the established methodology document at

<https://www.oregon.gov/ohcs/development/Documents/nofa/2021/FederallyDeclaredDisasterArea-PreferenceforNOFA.pdf> as well as established within the NOFA score sheet.

4.0 APPLICATION EVALUATIONS

4.1 Evaluation Process

After Preliminary Review (see Section 3.1), eligible Applications will be reviewed for Threshold Requirements (see Section 3.2). After the review of Threshold Requirements, eligible Applications will be competitively scored by the Scoring Committee (see Section 3.3).

The final selection of Applications for Award, if any, will be from those Applications that best meet the competitive scoring requirements based on the recommendation from the Scoring Committee, as further recommended by the Director and approved by the Council, in accordance with available Funding Sources.

4.2 Notice of Intent to Issue Reservation Letter

Applicants will be notified in writing of OHCS's Notice of Intent to Issue a Reservation Letter, this information will also be posted on OHCS's website.

5.0 GENERAL TERMS AND CONDITIONS

- 5.1** Any LIFT funding allocation under this NOFA is subject to receipt by OHCS of the proceeds of the anticipated Article XI-Q Bonds issuance and approval by bond counsel, the Oregon Department of Justice, and the Issuer (State Treasurer collectively with the Department of Administrative Services (DAS) and OHCS or OHCS only) to use the proceeds for LIFT Homeownership purposes as contemplated under the NOFA.
- 5.2** OHCS may require additional information to determine whether or not an Application satisfies relevant criteria. Any necessary clarifications or modifications normally will be made before OHCS makes any Reservation and may become part of the Agreement Documents.
- 5.3** Submission of an Application by Applicant or acceptance by OHCS of a submitted Application neither constitutes an agreement of any kind between OHCS and Applicant nor does it secure or imply that Applicant will be selected for receipt of a Reservation of funds.
- 5.4** In the extent that other funding sources have additional or other requirements, the most restrictive requirements will apply to the Project.
- 5.5** All costs associated with Applicant's submission of an Application are the sole responsibility of the Applicant and shall not be borne to any degree by the State of Oregon.
- 5.6** Successful Applicants will be required to maintain appropriate levels of insurance and to comply with the LIFT Project Requirements and other OHCS policies, including execution of the Agreement Documents.
- 5.7** OHCS reserves the right and option to amend any Reservation Letter and other related documents that result from a Reservation made pursuant to this NOFA. All such amendments will be in writing and must

be signed by relevant authorized parties. Applicants may only apply for funding of one (1) phase of a multi-phase Project under this NOFA.

- 5.8** OHCS assesses an Application charge. A check for the Application charge is required at application submission and must be received by the application due date.
- 5.9** ORS 60.701 requires foreign corporations be registered by the State of Oregon, Office of the Secretary of State, before conducting business in the state. A foreign corporation (ORS 60.001) means a for-profit corporation incorporated under a law other than the law of the State of Oregon. If a foreign corporation is selected for the Agreement because of this NOFA, it must register to do business in Oregon.
- 5.10** OHCS reserves the right:
- a. to amend this NOFA prior to the closing date;
 - b. to amend the deadline for submitting Applications;
 - c. to determine whether an Application does or does not substantially comply with the requirements of this NOFA;
 - d. to waive any minor irregularity, informality, or nonconformance with the requirements of this NOFA;
 - e. to obtain from and/or provide to other public agencies, upon request, references, regarding the Applicant's performance;
 - f. at any time prior to execution of Agreement Documents (including after announcement of the apparent Reservation) to reject any Application that fails to comply with the requirements of this NOFA;
 - g. to reject all Applications received and cancel this NOFA upon a finding by OHCS that such cancellation would be in the best interest of the State;
 - h. to use adherence with components of the Applicant's Application and this NOFA as scoring criteria in future multifamily funding solicitations;
 - i. to withdraw any funding source from this NOFA; and
 - j. to waive any term or condition of this NOFA for good cause as determined by OHCS.

- 5.8** This NOFA and one (1) copy of each original Application received, together with copies of all documents pertaining to a Reservation, will be kept by OHCS and made a part of a file or record, and be available for disclosure pursuant to the Oregon Public Records Law.
- 5.9** The Applicant will be required to assume responsibility for performance required by the Agreement Documents, whether performed by the Applicant, a representative, assignee or subcontractor.
- 5.10** An Applicant or potential Applicant seeking to challenge any aspect of this NOFA is subject to and must comply with the provisions of OAR 813-005-0025, which provide:

813-005-0025 Solicitation Protests; Administrative and Judicial Review

- (1)(a) With respect to any solicitation conducted by the department, an applicant or potential qualifying applicant may protest or otherwise challenge such solicitation process by first requesting administrative review as herein specified.
- (b) With respect to any solicitation conducted by the department, an applicant may protest or otherwise challenge any department determination or order (collectively hereinafter, "determination") related to such solicitation by first requesting administrative review as herein specified.

(c) A timely, qualifying request for administrative review is necessary to satisfy the conditions of this section and a condition precedent to judicial review consistent with ORS 183.480.

(d) Failure to file a timely, qualifying request for administrative review with the department will constitute a failure to exhaust administrative remedies and terminate further rights to protest or otherwise challenge the solicitation process or any related department determination, including judicial review thereof.

(2)(a) An applicant under this section is a person or entity that makes an application (including delivery to the department under the terms of the solicitation) for a department funding award pursuant to a particular department solicitation.

(b) A potential qualifying applicant is a person or entity that qualifies to make an application for a department funding award under the terms of a solicitation with respect to the process of which it requests administrative review consistent with the terms of this section.

(3)(a) An applicant or potential qualifying applicant seeking to protest or otherwise challenge any aspect of a solicitation process (other than a department determination related thereto) must request review by the department within fourteen (14) days of the application due date of the solicitation.

(b) An applicant seeking to protest or otherwise challenge a determination by the department related to a solicitation must request review by the department of such determination within fourteen (14) days of the applicant receiving notice from the department of that determination.

(4) Any request for review under this section must be in writing, specifically identifying:

(a) The nature of the requestor's interest, including the facts showing how the requestor is adversely affected or aggrieved by the solicitation process or a department determination;

(b) The relief sought;

(c) Each of the grounds for review;

(d) An explanation for each of the grounds upon which relief should be granted; and

(e) Any supporting information the requestor desires to have considered by the department.

(5) The envelope containing the request for review MUST:

(a) Be marked PROTEST;

(b) Identify the solicitation number;

(c) Identify the closing time and date for acceptance of solicitation applications;

(d) Identify the department's contact person for the solicitation; and

(e) Be received by the department at its main Salem Office, Oregon Housing and Community Services 725 Summer Street NE, Suite B Salem, OR 97301, not later than 4:00 PM on the fourteenth (14th) day after the solicitation closing date or the applicant's receipt of notice from the department of the department determination from which review is requested, whichever due date is applicable under this section.

(6) The applicant will be deemed to have received notice of a department determination upon the sooner of:

- (a) Three (3) days after the department's determination is mailed to the applicant;
- (b) Two (2) days after such determination is posted to the department's website;
- (c) Two (2) days after the list of successful solicitation applicants is posted to the department's website; or
- (d) One (1) day after such determination is emailed to the applicant.

(7) The department may request additional information from the requestor with respect to its request and consider such other information as it deems appropriate.

(8) The department will endeavor to provide a written response to a timely, qualifying request for review within thirty (30) days.

(9) Judicial review of the department response to a timely, qualifying request for review shall be limited to those grounds the requestor raised with the department in its request for review.

(10) The filing of a request for review, or subsequent judicial review (if any), will not preclude the department from moving forward with the solicitation or the award of funding assistance thereunder. However, the department reserves the right to delay, terminate, modify, or take other action it determines to be appropriate with respect to a solicitation or any related award of funding assistance in response to a request for review or subsequent judicial review.

5.12 OHCS' contact person for this NOFA is Rebecca Isom. Her contact information is as follows:

Oregon Housing and Community Services
Attn: Rebecca Isom
725 Summer Street NE, Suite B
Salem, OR 97301
Email: **HONOFA@oregon.gov**

5.13 Reservations, Allocations or Awards by OHCS (collectively, "Determinations") may be subject to Council review under ORS 456.561, and Determinations where additional OHCS funding supporting such Determinations are subject to Council review, are contingent upon Council approval of those Determinations or supporting funding. The Council may approve, reject, modify, or further condition funding awards submitted for its review, thereby directly or indirectly impacting OHCS' Determinations.

5.14 All Reservations made pursuant to this NOFA are subject to the successful negotiation, execution, and recording (if required) of any and all Agreement Documents. Projects that have only a leasehold interest in relevant real property must include, among relevant Agreement Documents, binding commitments executed and recorded by the landlord satisfactory to OHCS including, but not limited to, restrictive covenants with respect to the ongoing use and operation of the real property and leasehold interest for affordable housing acceptable to OHCS.

5.15 OHCS may charge, and the Applicant shall pay, legal and administrative costs reasonably anticipated or incurred by OHCS in negotiating and preparing Agreement Documents and other related documents. OHCS also may charge and Applicant shall pay any other fees allowed by OHCS administrative rules with respect to the Application, ensuing Reservation, Award or Allocation, and Project operation.

- 5.16** Provisions stated in the form of a question in this NOFA shall be construed as required action by Applicants.
- 5.17** OHCS reserves all other rights not specifically identified herein, including but not limited to rights, remedies, and requirements established in OHCS administrative rules or other law.