

**OHCS Affordable Rental Housing Division  
'23-'25 Draft Agency Recommended Budget (ARB)  
May 2022 Webinar Q&A**

Housing Supply

**Q. The [Regional Housing Needs Analysis](#) suggests affordable housing development would need to increase three-fold to meet to the current need. How much of an increase would the Affordable Rental Housing Division piece of the of the Agency Request Budget (ARB) be in reference to the findings of the RHNA? Is this proposal closer to maintaining current rates of development?**

Government at every level, community stakeholders, and development partners will need to work together to leverage resources, coordinate efforts, and rise to meet this moment. The Affordable Rental Housing Division budget request continues the acceleration the State's investment in development resource pools and builds on the historic levels of investment from the previous two biennia. We believe this ARB continues that momentum as we grow capacity statewide and addresses this need long-term beyond one biennial budget cycle. As the RHNA work has shown, the housing crisis was not created over the course of three biennia and will require more than three biennia to adequately meet the true scale of need. That work is currently focused largely on long-term, high-level strategies around zoning and land use adjustments, and how those can incentivize further development. This ARB, specifically, is projected to generate 1,200-1,500 affordable rental homes through LIFT, and approximately 500 permanently supportive housing (PSH) units.

Co-location of Affordable Rental Housing and Early Childhood Education (C.A.R.E.)

**Q. With the need statewide for both affordable rental housing and childcare, what criteria will OHCS establish to determine where co-located developments be built around the State? What percentage of the need does OHCS believe will be addressed with this proposal?**

OHCS is committed to delivering funds to project-ready developments across the state. We hope that the initial investment of \$10M allocated during the 2022 Legislative Session, and hopefully initial funds will be released to the Agency at June's Legislative Emergency Board meeting, will provide a proof of concept for a pilot framework that we can continue to build on with the additional \$20M ask that will reach more communities around the State. This project marries the areas of expertise of both partners in this work: the Early Learning Division counts on us for our housing development knowledge and we on them for their experience working with operators of early childhood education centers.

Our initial projections, based on data from programs running in other states and our [LIIF Co-Location study](#), are that 700-1,200 slots for childcare will be created with the initial \$10M we hope to receive in June plus funds anticipated to be leveraged from other sources. Using that same projection to extrapolate what would be possible with an additional \$20M state investment in our Agency Request Budget, we estimate the program could achieve approximately 3,000 total childcare slots. The study indicated that close to 30,000 slots are needed to meet total current need, so these two investments could address roughly 10% of overall need. To emphasize, these are just estimates and many factors are involved that are difficult to predict in an uncertain economic climate. Cost escalations for construction projects around the State, not just in the development of affordable

rental housing, will impact the total number of units and slots created overall. This could also limit geographic coverage for these initial investments, as funds will be prioritized based on project-readiness and other factors in the [C.A.R.E.](#) framework.

**Q. What can OHCS do to remove permitting barriers in the co-location of affordable rental housing and childcare/early education centers?**

OHCS is working closely with the Early Learning Division (ELD) and Oregon Department of Education (ODE) to identify potential barriers like permitting to address them early. The State does not have a role in local zoning and permitting, so these efforts will look different in every community, city, and county across the State. We believe this is one of the advantages of contracting with a third-party administrator who can work with localities to manage and address these barriers.

Additionally, the Legislature passed [HB 3109](#) in the 2021 Legislative Session that eases restrictions on the siting of childcare facilities and removes many of the barriers providers have faced in the past. OHCS will monitor and elevate any additional barriers to our partners at the Department of Land Conservation and Development, as well as legislative leaders.

Market Cost Offset Fund

**Q. Is there a planned legislative ask for replenishing the Market Cost Offset Fund, assuming all funds are drawn down by next spring?**

No, we have not planned to request additional resources for this fund. We are hoping to address cost escalations with our partners in the next round of NOFAs by building in the needed rates of costs contingencies without having to have additional gap funding available to projects that have already been awarded funding.

Permanent Supportive Housing (PSH)

**Q. Will the insurance piece of the Permanent Supportive Housing (PSH) investment request be retroactive to current PSH units?**

We anticipate that this fund will be available to all OHCS-funded developments moving forward, but there is no mechanism to apply the investment retroactively to pay past claims that have already been filed. This concept is still in the early stages of development, and staff are working to determine the full program parameters in hopes that this funding request passes in the 2023 legislative session. OHCS will work with stakeholders and the Housing Stability Council on implementation details should this investment be included in the Governor's Recommended Budget and allocated by the Oregon Legislature.

**Q. How is OHCS planning to braid PSH funding with CCO resources for housing stabilization efforts? How many people are currently served in PSH units?**

Program staff are actively working to make this coordination a reality with CCOs, and OHCS often meets with the Oregon Health Authority on the PSH program. Developers funded through this program are asked to work with their local CCOs around things like Coordinated Entry and HMIS usage. Our OHCS PSH Program Manager will be exploring ways to further partner with CCOs to fund PSH. OHCS has funded the development of roughly 365 PSH units statewide through the PSH program. Like all housing developments, these units take at least a couple of years to be built and time to get into operation. There are 45 units operating with more opening in the coming months.

**Q. Regarding the risk mitigation program, does OHCS anticipate landlords needing to file with small claims court to receive funds? Any other specifics on implementation to share at this point?**

We do not have this level of program specificity yet. We hope to receive the funding from the legislature in 2023 and will determine the full scope from there. Again, OHCS will work with stakeholders and the Housing Stability Council on implementation details should this investment be included in the Governor's Recommended Budget and allocated by the Oregon Legislature. We plan to model the State program on the very successful program operated by the Portland Housing Bureau.

Family Self Sufficiency (FSS)

**Q. Do you plan on the FSS and PSH programs being complementary to each other, or would they need to be used for separate projects?**

FSS is a federal program utilizing federal funds for units that have OHCS Section 8 project-based vouchers, and PSH is a state program with state resources. We don't envision overlap.

**Q. Does the FSS program need to be used specifically with a project-based Section 8 voucher, or can it be incorporated with tenant-based Section 8 vouchers?**

The FSS program can cover all Section 8 voucher holders. However, OHCS only provides compliance for project-based voucher administration. If approved by the Legislature, OHCS will offer FSS to residents of project-based residents within the OHCS oversight inventory. Many Public Housing Authorities across the state offer FSS for their residents, and are responsible for tenant-based FSS. Our resource request is restricted to HUD facilities that fall within our HCA contract and are all project-based.

Local Innovation Fast Track (LIFT)

**Q. Has OHCS shared the assumption of per unit subsidy contemplated for 2023-25?**

No, we have not formulated the LIFT per unit subsidy for the next biennium. We will undertake that formulation in the next year as we develop the funding calendar. The resources we are asking for in the 23-25 ARB will be used for 24-25 calendar year. The demand for Private Activity Bond (PAB) and 4% tax credits are exceeding the supply. In the current funding deployments, we created two separate LIFT paths: with and without tax credit. We have substantially increased the per unit

subsidy in the LIFT awards made without the 4% tax credit. In developing the unit projections with these resources, we considered a range of potential subsidy limits that may be recommended in the next funding cycle. We will observe the first year of this NOFA, and track how applications come in and identify a need for increases before the 2024 funding year. There will continue to be constraints around PAB use and construction cost increases across the pipeline. OHCS will look to increase contingencies in our funding agreements to address these issues. We still need to engage with partners and our Housing Stability Council on future funding calendars and formulations.

### Preservation Package

#### **Q. Do the budget graphs include bond requests included in the preservation package?**

The chart doesn't include PAB as it is not a resource ask that flows directly through OHCS. PAB requests will come from the biennial bond bill. As we go through the priorities for these constrained resources, we know we can no longer serve projects in a first-come, first-served basis and will need to be awarded in a more competitive process. As evident by our preservation request, preservation is a clearly identified need and will be a priority for those resources.

### Housing for Oregonians with Disabilities

#### **Q. Are there any aspects of these housing investments that would incentivize increased accessibility of new or existing housing? This is a critical need for both younger individuals with disabilities and our rapidly growing older adult population.**

While OHCS does not have a dedicated resource for a specific development program to incentivize accessibility, we believe our Portfolio Stabilization Pool will be utilized for health and safety repairs to make necessary upgrade making units more accessible. The rehabilitation of older units would be a key piece of the scope of work for those resources. Also, OHCS enforces baseline accessibility and visibility requirements in all of our funded developments, and most programs do incentivize developments with units set aside for special needs populations, of which persons with physical disability are an eligible group.

### Agency-wide Policy Option Packages

#### **Q. More funds are needed to expand capacity of organizations across Oregon who are poised to do amazing work; how will the Training and Technical Assistance request align with the existing capacity building funds through the document recording fee? What is the strategy is to distribute those resources? How will this new request align with those funds?**

The Document Recording Fee funds for capacity-building utilized by the ARH division has distinct goals from those that the agencywide investment request aims to achieve. The new agencywide ask will be additive and complimentary.