

Affordable Housing Funding Notice



Oregon Housing and Community Services

Multiple Award Opportunity Notice of Funding Availability (NOFA) #2024-HOD LIFT HO & HDIP

Homeownership Development Incubation Program (HDIP)
and Local Innovation and Fast Track (LIFT)
Homeownership

HOMEOWNERSHIP

NOFA Issued: January 8, 2024

Proposals Due by September 2, 2024

Proposal Due Time: 5:00 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 projects that will serve qualified low- to moderate- income homebuyers statewide (“Homeownership Development” or “Projects”). The funding sources offered in this NOFA include Article XI Q Bonds that fund the Local Innovation and Fast Track (LIFT) program and general funds for Homeownership Development Incubator Program (HDIP) received by OHCS from the Oregon State Legislature through HB 5506 in 2023. A primary goal for both funding sources is to provide homeownership opportunities to underserved communities OHCS will prioritize allocations of resources to maximize the impact of these explicit goals.

1.2 Important Dates

NOFA published: January 8, 2024

Pre-Applications should be completed at least one week prior to submitting an application.

Applications may be submitted any time between **January 8, 2024** and the close of the NOFA. The NOFA will close on **September 2, 2024** or when all funds have been awarded, whichever occurs sooner.

Awards will be announced on the following estimated schedule:

- For Applications submitted by March 15, 2024, awards will be announced in May 2024
- For Applications submitted by June 3, 2024, awards will be announced in August 2024
- For Applications submitted by September 2, 2024, awards will be announced in November 2024

OHCS reserves the right to announce awards at times other than the above-listed schedule.

Optional information sessions will be held on the following dates:

- General information session
 - January 17, 2024, 2 pm – 3 pm
- Application workshop
 - January 22, 2024, 2 pm – 3:30 pm

OHCS staff will be available to answer general and project-specific questions via email and through office hours. Virtual office hours will be held more frequently in the first quarter of 2024. Frequently asked questions will be posted to the website on a weekly basis.

Registration links for the information sessions, email contacts, office hours schedules, and FAQs will be updated regularly on the OHCS website:

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

2.0 NOFA FUNDING SOURCES, LIMITS, AND DEFINITIONS

2.1 Funding Sources

This NOFA includes LIFT program and HDIP funding sources meant to spur the development of affordable homes for purchase. The particular funding sources and their requirements are identified in Sections 4 and 5 of this NOFA. If LIFT Homeownership is undersubscribed, OHCS reserves the right to move the funds to the LIFT Rental NOFA. If LIFT Homeownership is oversubscribed, OHCS reserves the right to add an additional \$20,000,000 in LIFT funds.

<i>Fund Description</i>	<i>Fund Source</i>	<i>Set aside amounts</i>	<i>Eligibility</i>
LIFT Homeownership to provide permanently affordable housing to homebuyers at or below 80% AMI.	Article XI-Q Bonds	\$40,000,000	Not-for-profit organizations that utilize a shared equity homeownership model
Supplemental LIFT Grants as additional funding for LIFT projects.	General Funds	\$5,200,000	Projects that qualify for LIFT funding and meet additional criteria described in section 5.

2.2 Definitions

The terms defined in this NOFA (including those provided in this subsection), as well as terms defined in other existing applicable program documents, will have the following meanings unless the context clearly indicates otherwise:

- **Affirmatively Furthering Fair Housing (AFFH):** The 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.¹

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

- **Allocation:** Includes any funding allocated under this NOFA.
- **Applicants:** Means organizations, governments, or other entities that are submitting an Application 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 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. For the purpose of this NOFA, Agency defines Communities of Color to include Native Americans, Latinos, Asian and Pacific islanders (further disaggregated according to local preferences), African Americans, African Immigrants and Refugees, Middle Eastern, and Slavic communities.
- **Culturally Responsive Organization:** means an entity that (a) comprehensively addresses power relationships throughout the organization by methods that include addressing conflicts and dynamics of inclusion and exclusion; (b) has relationships with and is responsive to communities that the organization serves, including Communities of Color; (c) hires, promotes, trains and supports staff who are culturally and linguistically diverse in ways that reflect the communities that the organization serves, including Communities of Color; (d) provides culturally responsive service; and (e) with respect to paragraphs (a) to (d) of this subsection, has adopted governance structures, policies and cultural norms to hold its leadership and staff accountable and to continue improvements.
- **Culturally Responsive Services:** means services that are respectful of, and relevant to, the beliefs, practices, cultures and linguistic needs of diverse consumer or client populations and communities whose members identify as having particular cultural or linguistic affiliations by virtue of their place of birth, ancestry or ethnic origin, religion, preferred language or language spoken at home. A culturally responsive service has the capacity to respond to the issues of diverse communities and requires knowledge and capacity at systemic, organizational, professional, and individual levels of intervention.
- **Culturally Specific Organization:** means an organization, or a program within an organization, that serves a particular cultural community, that is primarily staffed and led by members of that community and that demonstrates self-advocacy, positive cultural identity and intimate knowledge of the lived experience of the community, including but not limited to:
 - a. The impact of structural and individual racism or discrimination on the community;
 - b. Specific disparities in access to services and resources experienced by the community; and
 - c. Community strengths, cultural practices, beliefs, and traditions.
- **Emerging Developer** is a developer that has built no more than five homes for purchase. For the purpose of this NOFA, an emerging developer may submit an

application for developments that contain no more than 15 homes total.

- **Engagement of Communities of Color:** Engagement of 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 intentional engagement will be accomplished in one or more of the following ways:
 - *Development, sponsorship or management by a Culturally Specific Organization or a Culturally Responsive Organization with a diverse leadership representing Communities of Color.*
 - *Ongoing service partnership with a Culturally Specific Organization 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.*
 - *Other services that uplift Communities of Color as approved by OHCS staff.*

- **Funding Documents:** Means the final form of the documents relating to funding awards under this NOFA, which are satisfactory to OHCS, in consultation with the Oregon Department of Justice and executed in connection with the Project.

- **Metropolitan Statistical Areas (MSA):** geographic regions delineated by the United States Office of Management and Budget. MSA is the formal definition of a region that consists of a city and surrounding community that are linked by social and economic factors.
 - Oregon counties currently located in MSAs are Benton, Clackamas, Columbia, Deschutes, Jackson, Josephine, Linn, Lane, Marion, Multnomah, Polk, Washington, and Yamhill Counties

- **Procore™ WorkCenter:** A secure portal technology solution developed by ProLink Solutions™ to help facilitate a more robust collaboration and communication model for all Applicants and future housing partners. The Procore™ WorkCenter provides a series of functionality to help facilitate this model by including a repository for electronic document submission, a task management and tracking tool, an events calendar and communication features.

- **Rural Communities:** An eligible category for receiving LIFT funds through this NOFA. Rural areas are defined as:
 - Jurisdictions outside the Portland Urban Growth Boundary that are also located in counties within Metropolitan Statistical Areas with populations under 15,000, or jurisdictions with populations under 40,000 in the balance of state.

- **Small organization:** An organization with fewer than 5 total paid staff dedicated to

development, management, and compliance. This does not include resident services staff, maintenance staff, or outside contractors. Additionally, Applicants cannot double count staff that work multiple roles. For the purposes of this NOFA, small organizations' submitted development history must demonstrate the construction of no more than 6 homes a year on average.

- **Submission Date:** The date the complete application is submitted to OHCS including all documents, attachments, and charges. This date will be considered in the first come, first served distribution of funds. Applicants MUST complete the SUBMIT task in the tasks section of their Procorem WorkCenter by clicking the check mark next to the SUBMIT step.

- **Urban Communities:** All census tracts within a metropolitan statistical area that have 641 or more housing units per square mile or more than 1 housing unit per acre.
 - Applicants can find out if their project is categorized as urban or rural through the following link:
<https://geo.maps.arcgis.com/apps/instant/sidebar/index.html?appid=42f73737a2404270a7b277eaa475f721>

3.0 APPLICATION REQUIREMENTS

The Homeownership Development NOFA application process is a two-step process that requires submission of a pre-application through a Smartsheet form along with a full application submitted through Procorem.

3.1 Pre-Application and Application Access

The submission of a pre-application is required in order to access the full application: Applicants may submit their pre-application at any time during the NOFA period, but pre-applications must be received at least a week prior to submitting a full application.

- Applicants can submit the pre-application by filling out the following form: <http://tinyurl.com/OHCS2024HODPreApp>
- The pre-application will include a screening tool to ensure the Project qualifies under major mandatory requirements and will collect introductory details about the Project.
- Completion of the pre-application will alert OHCS staff to generate Procorem WorkCenter access credentials for the project.
- If applying for multiple Projects, Applicants must submit a different pre-application and application for each project.
- OHCS will not accept pre-applications after 5pm, August 26, 2024.
- All pre-applications must be submitted at least one week prior to submitting a full application. This allows OHCS time to set up the Procorem WorkCenter.
- Once credentials are received, go to the Procorem login page: <https://app.procorem.com/login> to access the corresponding Homeownership Development application(s).
- For questions regarding any part of the application process email HO.Development@hcs.oregon.gov.

3.2 Application Submission Process

Applications along with all required materials and documentation must be uploaded to the Procorem WorkCenter portal by **September 2, 2024 at 5 pm.**

- Applications in response to this NOFA can only be submitted 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.
- Applicants must submit the Application charges to the address below along with the transmittal form provided as part of the application materials in Procorem. All Application charges must be postmarked by the Submission Date marked in Procorem. If the Application charge has a postmark date *after* the Submission Date, the Submission Date will be adjusted accordingly. Applications will be considered incomplete until the Application Charge has been received.

Oregon Housing and Community Services
Attn: Accounting Re: NOFA #2024-HOD LIFT HO & HDIP
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 for an award as described in this NOFA.
- There is no limit to the number of applications that an entity can submit. However, if an entity submits more than one application within a review period, the entity will be asked to prioritize each application. If application volume is high during a quarterly review schedule, OHCS may review all first-priority applications before moving on to second-priority applications, and then third priority applications, etc. until all applications have been scored or all funds have been reserved.
- If an application is rejected at any point in the review process, the Applicant may resubmit an updated version of the application one additional time without paying the application fee a second time. The resubmitted application will be reviewed in the order received. OHCS reserves the right to deny an application outright if the project is not aligned with program goals or is deemed a risk to the agency. Resubmissions must be received prior to the close of this NOFA.

3.3 Program Charges

- A non-refundable Application Charge of \$2,500 due prior to submitting the application.
- Recipient Charge \$1,000 for loans of \$300,000 or less; \$2,000 for loans over \$300,000 due at the signing of the Reservation Letter
- Reservation Charge 1.5% of the LIFT loan amount due at LIFT loan closing
- Document Preparation Charge (\$750 per recorded document). The number of recorded documents may vary depending on the project
- Applicant is responsible for any Oregon Department of Justice charges incurred. These charges are typically billed upon closing of the LIFT loan.

3.4 NOFA Questions

Inquiries relating to the NOFA process, its administration, or the substantive technical portions of the NOFA should be directed to: HO.Development@hcs.oregon.gov

Please note "**NOFA Question**" in the subject line. Frequently Asked Questions (FAQ) with answers will be posted to the OHCS website at regular intervals during the time that the NOFA response period is open.

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

Changes or modifications to this NOFA will ONLY be recognized if in the form of a written technical advisory issued by OHCS. OHCS will provide copies of any advisories to all known NOFA recipients as well as post the addenda at:

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

To sign up for technical advisories, please follow the “Signup for E-News” link on the News and 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>

4.0 LIFT HOMEOWNERSHIP FUNDING

4.1 LIFT Homeownership

The LIFT program is funded through Article XI-Q Bonds. In the 2023 Oregon State Legislative session, \$604.2 million in funding was provided to OHCS in the form of Article XI-Q bond authority for the LIFT program for the 2023-2025 biennium. Of the \$604.2 million of funds, \$40 million is targeted for the development of affordable homeownership projects (“LIFT Homeownership”) for 2024.

The goals of the LIFT program include increasing access to generational wealth building through homeownership by:

- Creating new affordable homes for purchase that serve historically underserved communities;
- Fostering increased homeownership opportunities in rural areas and greater density in urban areas.
- Encouraging innovative, replicable, construction cost containment, and high-quality homes that can be built within 36 months;
- Serving families by prioritizing family-sized units (two bedrooms and larger);
- Incentivizing developments that reflect the needs of the communities they seek to serve through community-informed design;
- Supporting energy-efficient and climate-resilient homes; and
- Building homeownership development pipeline growth by keeping the NOFA process accessible to small, rural, and emerging developers, and those with a commitment to equity demonstrated through this NOFA scoring criteria.

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

If additional LIFT Homeownership resources or homeownership development general fund resources become available, OHCS may add those to the resources that are awarded from this NOFA. OHCS reserves the right to allocate an additional amount of up to \$20 million in Article XI-Q Bond funding designated for LIFT Homeownership towards this NOFA. 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.

4.2 Set-Asides

OHCS has established a 50% soft set-aside for rural, small, emerging developers and those with a commitment to equity as demonstrated through the NOFA scoring criteria. These funds will be held for qualifying applications until June 2024. If the funds go unused, OHCS may reallocate the funds to the broader pool of Applicants.

4.3 Funding Limits

Applicants 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

- \$200,000 per LIFT homeownership unit

Qualifying Applicants may request a LIFT Supplemental grant (not to exceed \$200,000/unit including the LIFT Loan).

IMPORTANT NOTE ON LAND VALUATION AND FUNDING REQUEST(S)

Applicants should note that requirements on valuation and appraisals have changed for 2024:

- 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 the housing structures to be constructed).
- The appraisal must have OHCS named as an intended user of the appraisal and that permission be granted to OHCS to discuss the report with its preparer.
- The appraisal should include any existing restrictions attached to the land or the use of the land. (Not including future restrictions.)
- The submitted appraisal will be the final document used to determine LIFT loan size.

4.4 Application Ranking Process

LIFT Funds are reserved by OHCS on a first come, first served basis to Projects of qualifying Applicants that:

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

4.5 Tie Breaking Rule

If two (2) or more Applications are submitted on the same date and funding availability is insufficient to fund all eligible Applications, the following factors, in order of priority, will be applied to break the tie:

1. The Project determined by OHCS to achieve greater geographic distribution of affordable housing on a statewide basis.
2. The Project that will build the greatest number of affordable units that can be funded under this NOFA.

4.6 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 (other than site work) at the time of Application are not eligible for funding through this NOFA.*
- *Projects may begin vertical construction after LIFT Fund Reservation and before LIFT loan closing at their own risk.*
- *Expenses incurred up to a year prior to the NOFA posting date (i.e., on or after January, 8 2023) are eligible for reimbursement with LIFT funds. However, projects can only request reimbursement after the LIFT loan has closed and the closing documents have been recorded.*
- *Projects for rehabilitation of existing residential structures or housing units are not eligible for funding through this NOFA.*

B. Affordability Period

OHCS has discretion to determine the duration of the affordability period as deemed necessary to meet the needs of the LIFT program, but generally, the affordability period will be established as the greater of (i) the length of time for which the applicable Article XI-Q bond is outstanding based on the original maturity date identified at the time of bond sale, or (ii) 20 years from the end of the year that the Project is placed in service. The awardee has the option to extend the affordability period for an equivalent term. If the awardee elects this option, the LIFT loan will be deemed satisfied.

C. Incomes

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

D. Development Timeline

LIFT Homeownership projects must be ready to close within six months of receiving a funding reservation and begin vertical construction within 12 months of receiving a funding reservation. LIFT Homeownership homes must have a certificate of occupancy within 36 months of a LIFT funding reservation, and all homes must be sold to eligible buyers and the contract completed within 42 months. For instance, projects that receive a Reservation Letter in June of 2024 must have a certificate of occupancy on all homes ready for sale by June 2027 and

all homes sold to eligible buyers and contract completed by December 2027.

E. Readiness to Proceed

- **Timeliness Requirement:**

Applicant must accurately complete all requested documents and submit them by the required due date. OHCS may withhold closing on 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 may have its funding reservation rescinded.

- **Site Control:**

Applicant must have control of the land necessary for the Project by the Application submission as evidenced by one (1) of the following:

- i. a recorded deed or conveyance showing the Applicant is the owner of the site,
- ii. a valid executed purchase and sale agreement,
- iii. a valid option to purchase, or
- iv. other evidence satisfactory to OHCS.

Requirements for site control documentation

- ✓ The name of the entity on the evidence of site control must be the same as the Applicant name on the LIFT Homeownership application.
- ✓ The site control document should identify the same address/location and area as the Project site listed in the Application and exactly the same cost for the land or existing buildings for the Project referenced in the development budget provided with the Application. Please Note: If the site description in the Application and the site control document are not exactly the same, the Applicant must provide a narrative description and supporting documentation to clarify the method used to establish the site and cost for the Project as stated in the Application.

NOTE: OHCS will only accept one Application for a specific site or for any part of the same site, regardless of whether Applications are submitted by the same Applicant or by multiple Applicants. If more than one Application is received for the same site or any part of the same site, OHCS may disqualify one or all of the Applications. In this scenario, the **non-refundable** Application charge for each Applicant will be retained by OHCS.

F. LIFT Agreement with OHCS

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 the initial and each subsequent sale of the units under either a community land trust, leasehold condominium structure, or leasehold property. This is satisfied, in part, by execution of an Operating Agreement and Declaration of Restrictive Covenants (“Operating Agreement”). In addition to OHCS’ loan documents and other financing documents, OHCS 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.

G. Ownership Integrity

- 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.
- 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.
- Neither Applicant nor any member or principal within the Project ownership or management will have been debarred or otherwise sanctioned by OHCS.

H. Commitment to Equity, Diversity, and Inclusion (EDI)

Each Applicant must submit a signed DEI form, which commits the organization to implement diversity, equity, and inclusion efforts within their organization and throughout the work they conduct including their work with external partners.

I. Demonstration of Commitment to Equity, Diversity & Inclusion

All Projects funded with LIFT must include engagement of Communities of Color. This can be achieved in several ways including but not limited to focus groups, marketing, outreach, and education. These activities should be relevant to the community in which the Project is located, and the target population anticipated to be served.

Applicants will be asked to describe specifics about their equity and community engagement plans. In all cases, Applicants who are awarded funds will be asked to describe their actual efforts to further equity, diversity, and inclusion throughout the construction process. Awardees must demonstrate the use of the methods described at application or risk the Project being deemed noncompliant, with OHCS seeking remedies up to and including recovery of funds.

Applicants who score at least 19 points in the Equity and Community Engagement scoring criteria may qualify for the 50% LIFT set-aside (detailed in section 4.2).

J. Construction Standards

- 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.

- **Quality:** Construction that balances the initial cost of building with ongoing costs of operation for the homeowner (e.g., energy standards).
- **Durability:** A minimum of 30-year building standards is expected for all Projects.
- **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 the relevant development or construction of the Project.

K. Insurance Requirements

Applicant must be prepared to meet OHCS' new construction insurance requirements outlined in the most recent Core-Development Manual (CDM) available on the OHCS website.²

More details and specific requirements are available within the CDM but include the following general requirements:

- **Project Owner (Applicant)**
 - Commercial General Liability: \$1,000,000 per occurrence and \$2,000,000 in aggregate
 - "All Risk" Builder's Risk: Limits not less than the amount of the Construction Contract or 100% of the insurable replacement value of the building(s) or improvements (whichever is greater). Must be provided by either the Project Owner or the General Contractor
 - Worker's Compensation: As required by the State of Oregon
 - Automobile Liability: Not less than \$1,000,000 per occurrence
 - Title Insurance
- **Architect of Record and All Other Licensed Professionals under Contract with the Project Owner (Except Construction Contractor)**
 - Commercial General Liability: \$1,000,000 per occurrence and \$2,000,000 in aggregate
 - Professional Liability/Errors & Omissions: Not less than \$1,000,000 per occurrence
 - Worker's Compensation: As required by the State of Oregon
 - Automobile Liability: Not less than \$1,000,000 per occurrence
- **General Contractor**
 - "All Risk" Builder's Risk: If not provided by Project Owner
 - Comprehensive General Liability: \$1,000,000 per occurrence and

² <https://www.oregon.gov/ohcs/development/Pages/core-development-manual.aspx>.

- \$2,000,000 in aggregate
- Worker's Compensation: As required by the State of Oregon
- Automobile Liability: Not less than \$1,000,000 per occurrence

L. Minority, Women, and/or Emerging Small Business (MWESB) Engagement

OHCS requires sponsors and developers of affordable housing to seek Certification Office for Business Inclusion and Diversity (COBID) and non-COBID MWESB and Service-Disabled Veteran's Business Enterprise (SDVBE) professional firms to increase the participation level of such businesses in its construction projects to meet OHCS' MWESB goals as determined by region. OHCS encourages the utilization of local labor and partnering with the community to help build healthy, affordable homes, to address OHCS' goal of increasing apprenticeship programs in Oregon and to improve economic and social vitality while increasing pathways out of poverty. Meeting OHCS MWESB/SDVBE goals included in the MWESB Compliance Policy, linked below, and demonstrating approaches and strategies towards MWESB/SDVBE engagement and contracting may earn points in future NOFA scoring. Awardees will be required to report on MWESB/SDVBE utilization throughout the construction period.

The general contractor and the developer may utilize and include non-COBID certified firms owned by a person identifying as a member of a Black, Indigenous, and People of Color community, and other qualifying firms in their MWESB/SDVBE reporting, provided that the non-COBID certified MWESB/SDVBE firms listed will be encouraged and assisted with becoming a COBID certified firm before project construction completion. OHCS' MWESB/SDVBE guidance is available at the following web link:

<https://www.oregon.gov/ohcs/homeownership/Pages/mwesb.aspx>.

M. 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.

A full list of documents is available within the application. In general, Applicants will be required to provide the following information:

- Valuation of land that justifies the LIFT investment as demonstrated by a third party appraisal that meets the requirements set forth in this NOFA;
- Project construction schedule that demonstrates that the Project will be ready to close on the loan within 6 months and all homes in the Project will be ready for sale within 36 months of the Reservation Letter;
- Evidence that the organization and its staff have the capacity to manage and complete the Project;
- Financial statements demonstrating financial stability and capacity to complete the Project;
- Development history and employee experience showing that the organization and its staff are experienced in similar developments;

- Explanations and evidence that the organization commits to and actively seeks to include diversity, equity, and inclusion and community engagement as a focus in their organization, partners, and households served;
- Detailed and realistic proforma, with reasonable costs, demonstrating a need for LIFT in order to complete the Project;
- A letter of intent or other evidence from lenders or other financing sources for the Project;
- Evidence of due diligence on the suitability of the Project site such as suitable zoning, environmental studies, and geographic location in relation to amenities or risks;
- Site plans, elevation drawings, and narratives detailing innovative practices, climate resilience, accessibility, and other Project details;
- Established details of the ground lease model planned for this Project including resale formula and ground lease template, as well as evidence of experience and methods in establishing and maintaining similar ground leases;
- Demonstration that loan products that meet LIFT's guidelines are available and accessible to potential qualifying homebuyers.

N. Profit

Sponsor/Developer profit from the sale of homes in the Project may not exceed 10% of the total Project costs and may not increase above what was included in the Application. For purposes of this limitation, profit will be a combination of profit from the sale of the homes and any applicable developer fee.

Additional limitations on costs and profit may be required if an identity of interest exists between the General Contractor and Developer. Applicants must disclose to OHCS whether financial, familial, business, or similar relationships exist among the parties participating in the development or operation of the Project.

O. 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 (on 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.

P. Other Program Requirements

1. To qualify for LIFT funds, Applicants must 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 sold homes so that Applicants may convey marketable title to each eligible home purchaser. OHCS will generally not share a first-lien security interest with another lender, but may consider doing so under certain circumstances, 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 the required affordability period. LIFT loans may be prepaid without penalty, but prepayment will not shorten the affordability period. Loan satisfaction may also be accomplished by an extension of the affordability period for a period equal to the initial affordability period, or by a combination of repayment and extended affordability as acceptable to OHCS.

4.7 Evaluation Process

If an Application passes the Preliminary Review, the Application will move on to be scored against Threshold Requirements. Review of the Application will be conducted to determine whether the Application satisfies the Threshold Requirements. If, at any point, an Application fails to meet the minimum threshold score for a specific category, the Application will be deemed nonresponsive and will not be reviewed further. OHCS may employ, but is not limited to, the evaluation criteria laid out in Exhibit A upon which to base its decisions.

The final selection of Applications for Award, if any, will be from those Applications that best meet the minimum scoring requirements, as further recommended by the Director and approved by the Housing Stability Council. OHCS reserves the right to award funding at an amount different than the Application request.

4.8 Preliminary Review

Each Application will be reviewed for timeliness and compliance with all NOFA requirements. If any required item is missing, the Application will be considered incomplete. The Applicant will be notified of any missing items. If the items are submitted within 5 business days of such notification, the submission date will be updated to the date the last item was received and the Application will be processed. If the missing items are not received within 5 business days, the Application will be denied. Resubmission of an Application with the missing items after denial will be considered a new submission for the

purposes of this NOFA. A full list of preliminary review criteria can be found in Exhibit A. Preliminary criteria are reviewed as pass/fail.

4.9 Minimum Threshold Review

After passing Preliminary Review, Applications will move to minimum threshold scoring. Applicants must meet the minimum threshold in each category to be approved for funding. Applications will be scored using the following criteria.

- Development Capacity
- Development Experience
- Equity & Community Engagement
- Financial Viability
- Project Details
- Stewardship Experience

Both quantitative and qualitative factors are considered in the scoring. The criteria and minimum requirements for each category are listed in Exhibit A.

4.10 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.

Applicable Reservation and Recipient charges:

OHCS has adopted a 1.5% Reservation Charge for all NOFA Loan Reservations and also imposes a Recipient Charge. Upon issuance of a Reservation Letter, the Recipient Charge is due, while the Reservation Charge will be due at finance close.

4.11 Request for Funds

Once the awardee has closed on its LIFT loan, funds can be requested on a monthly basis by submitting the draw request form, which is available within the awardee's Procurement Workcenter, to the Development Officer. The awardee must submit all invoices with the draw.

Funds can only be used to reimburse expenditures on qualifying income-restricted homes, site acquisition, and site development. LIFT funds cannot be used for market-rate homes or homes serving households earning greater than 80% AMI in the Project.

4.12 Reporting Requirements

Quarterly progress reports are required starting the month following the receipt of a Reservation Letter up until the completion of all sales of project homes. Unless otherwise determined by OHCS, progress reports will be due on January 10, April 10, July 10, and October 10.

Once the Project is completed, the awardee must submit the following to OHCS within 30 days of the final home sale:

- Certificate of Occupancies for all homes (as they become available)
- Homebuyer demographics and income verification for all homes (as they become available)
- Dates of closing for all home sales
- Final subdivision plat map
- Photos of exterior of each home
- Final balanced sources and uses
- Updated Applicant and Project Sheet from original Application
- Any additional information or documents that OHCS may request

5.0 LIFT SUPPLEMENTAL FUNDS

5.1 LIFT Supplement Funds

LIFT Supplemental Funds are general funds in the amount of \$5,200,000 that can be added to LIFT Homeownership projects as grants to provide deeper subsidy. These funds are meant to ensure that LIFT funds can be leveraged to support homeownership development in rural areas and foster greater density in urban areas. Key goals of the LIFT Supplemental Funds are to:

1. Support development projects led by organizations with a demonstrated commitment to equity
2. Incentivize rural development

5.2 Eligibility Criteria

To qualify for the LIFT Supplemental Funds, Applicants must complete the LIFT Application and meet minimum thresholds to be approved for LIFT funding. Additionally, Applicants must identify as at least one of the following:

- Small Organization
- Emerging Developer
- Developer applying to complete a project in a rural community

Developers may also qualify for these funds if they demonstrate a commitment to equity through the scoring criteria of this NOFA. Applicants who score at least 19 points in the Equity and Community Engagement category of the scoring criteria may also be eligible for these funds.

5.3 Award Caps

The funds will be available on a first-come, first served basis. To ensure distributional equity, OHCS is imposing per-entity and per-home caps on the funds.

- Rural Project applicants and those with a demonstrated commitment to equity as described in section 5.2 can receive up to \$100,000 in LIFT Supplemental Funds per home, with a total per entity cap of up to \$800,000 (approximately 16% of all funds).
- All other Applicants can receive up to \$50,000 in LIFT Supplemental Funds per home, with a total per entity cap of up to \$600,000 (approximately 12% of all funds).

Combined, LIFT and LIFT supplemental funds will not exceed \$200,000 per home.

5.4 Application Process

Applicants can indicate their interest in LIFT Supplemental Funds within their LIFT Application; a separate application is not needed. LIFT Supplemental Funds will only be awarded in tandem with a LIFT loan.

5.5 Affordability Period

Awardees that receive LIFT Supplemental Funds will be required to maintain one year of

affordability in addition to the LIFT affordability period.

5.6 Tie Breaker Rule

If two (2) or more Applications are submitted on the same date, and funding availability is insufficient to fund all eligible Applications, the following criteria, in order of priority, will be used to break the tie:

1. The Project with the greatest overall score
2. The Project determined by OHCS to achieve greater geographic distribution.
3. The Project that will build the greatest number of affordable units that can be funded under this NOFA.

6.0 GENERAL TERMS AND CONDITION

- 6.1** 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.
- 6.2** 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 Funding Documents.
- 6.3** 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.
- 6.4** To the extent that other funding sources have additional or other requirements, the most restrictive requirements will apply to the Project.
- 6.5** 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 OHCS or the State of Oregon.
- 6.6** Successful Applicants will be required to maintain appropriate levels of insurance and to comply with the Project Requirements and other OHCS policies, including execution of the Funding Documents.
- 6.7** OHCS may 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 authorized persons on behalf of each party.
- 6.8** OHCS assesses an Application charge. A check for the Application charge is required at Application submission and must be received or postmarked on or by the Application Submission Date.
- 6.9** 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 corporation incorporated under a law other than the law of the State of Oregon. If a foreign corporation is selected for an award pursuant to this NOFA, it must register to do business in Oregon.
- 6.10** 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 provide to other public agencies, upon request, references, regarding the Applicant's performance;
- F. at any time prior to execution of Funding Documents (including after announcement of the 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 to components of the Applicant's Application and this NOFA as scoring criteria in future OHCS 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.

6.11 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.

6.12 The Applicant will be required to assume responsibility for all performance required by the Funding Documents, whether performed by the Applicant, a representative, assignee, or subcontractor.

6.13 An Applicant or potential Applicant seeking to protest or challenge any aspect of this NOFA must comply with the requirements in OAR 813-005-0025, which provides:

(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.

6.14 OHCS' contact person for this NOFA is Jessica MacKinnon. Her contact information is as follows:

Oregon Housing and Community Services
Attn: Jessica MacKinnon
725 Summer Street NE, Suite B
Salem, OR 97301
Email: HO.Development@hcs.oregon.gov

6.15 Reservations, Allocations or Awards by OHCS (collectively, "Determinations") may be subject to Housing Stability Council ("Council") review or approval under ORS 456.561. The Council may approve, reject, modify, or further condition funding awards submitted for its review, thereby directly or indirectly impacting OHCS' Determinations.

6.16 All Reservations made pursuant to this NOFA are subject to the successful negotiation, execution, and recording (if required) of any and all Funding Documents. Projects that have only a leasehold interest in relevant real property must include, among relevant Funding 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.

- 6.17** OHCS may charge, and the Applicant shall pay, legal and administrative costs reasonably anticipated or incurred by OHCS in negotiating and preparing Funding 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, any ensuing Reservation, Award or Allocation, and Project operation.
- 6.18** Provisions stated in the form of a question in this NOFA shall be construed as required action by Applicants.
- 6.19** 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.

EXHIBIT A: LIFT HOMEOWNERSHIP SCORING CRITERIA AND EVALUATION

Preliminary Criteria

Preliminary Criteria will be reviewed as pass/fail. If any component list in the following table is missing or incomplete, the application will be deemed non-responsive and will not move on to scoring evaluation.

Application Completeness	Application is filled out completely
	Required documents submitted and signed (if applicable)
	Site checklist is complete
	NOFA application check received
	Appraisal substantiates the requested amount
	A professionally prepared preliminary site plan is included and reflects the correct number of homes the Applicant is proposing
Timeliness	Applicant demonstrates that they will be ready to close on their LIFT loan within 6 months of receiving a reservation of funds
	Project Development Schedule demonstrates that vertical construction will begin within 12 months of a funding reservation
	Project Development Schedule demonstrates that homes will be ready for sale at or before 36 months of the funding reservation
	Project is properly zoned for the type of project, or the zoning form has been submitted (with evidence)
	Applicant has site control through 12 months following the submission of the Application
Financial Viability	All funding sources are committed or highly likely; with letters of intent (LOI) or commitment provided by all funders, including any construction lenders and land loan lenders
	Contractor overhead, profit and general conditions are within the required range (14% or less of total construction cost or 10% or less of total construction cost for a contractor with an identity of interest)
	Sources and Uses balance with no gaps
	Total net profit to the developer is no more than 10%
	Contingencies are at or below 5% of associated costs
	Escalation costs are at or below 10% of associated costs
	Applicant's bylaws specify that property and leases will be transferred to an experienced organization with a similar mission in the case of a dissolution
	Applicant has identified mortgage products that can be provided to home buyers notwithstanding the LIFT restrictions

Threshold Criteria

Applicants must meet the minimum thresholds in each category to be awarded funds. Scoring details and minimums are provided in a separate document available on the NOFA website (<https://www.oregon.gov/ohcs/homeownership/Pages/notice-of-funds-availability.aspx>)

