

Housing Stability Council

MEETING MATERIALS PACKET



River View Place Apartments
Albany Oregon

July 12, 2019

9:00 a.m. – 2:00 p.m.

Oregon Housing & Community Services

Conference Room 124 A/B

Salem, Oregon 97301

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Oregon

Governor Kate Brown

Housing Stability Council

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AGENDA

July 12, 2019

9:00 a.m.-2:00 p.m.

Council Members:

Adolph "Val" Valfre, Jr.
Sarah DeVries
Claire Hall
Anna Geller
Mary Li
Gerardo F. Sandoval, PhD
Charles Wilhoite

Oregon Housing and Community Services, Room 124 A&B
725 Summer St NE, Salem OR 97301
Call-In: 1-877-273-4202; Participant Code: 4978330

TIME	TOPIC	ACTION
9:00	Meeting Called to Order <i>Roll Call</i>	Call Roll
9:05	Public Comment	Comment
9:15	Meeting Minutes Approval • June 7, 2019	Approval
9:20	Affordable Housing Finance (pg. 19) <i>Julie Cody, Assistant Director, Affordable Housing Finance</i> Multifamily Housing Transactions <ul style="list-style-type: none"> • Claxter Crossing Transaction, Brad Lawrence, Loan Officer • 124th & Ash Transaction, Samuel Brackeen IV, Loan Officer • Montebello Transaction, Rick Abrego, Loan Officer • LIHTC/HOME/HTF Project Recommendations, Tai Dunson-Strane, LIHTC Program Manager and Natasha Detweiler-Daby Senior Housing Finance Policy • QAP Update, Tai Dunson-Strane, LIHTC Program Manager and Natasha Detweiler-Daby Senior Housing Finance Policy <ul style="list-style-type: none"> ○ Gap Offering Framework Decision: Small Projects, Veterans, Large Scale New Construction, Ed Brown Gap Program Manager, Tai Dunson-Strane, LIHTC Program Manager and Natasha Detweiler-Daby Senior Housing Finance Policy 	Decisions Decision Discussion Decision
11:00	BREAK	
11:15	Housing Stabilization Update (pg. 97) <i>Kenny LaPoint, Interim Assistant Director, Housing Stabilization</i> <ul style="list-style-type: none"> • Shelter Study Update, Christy Hahn, Homeless Services Operations and Policy Analyst; Rachel Post, LCSW, Senior Associate, TAC • EHA Real Estate Policy Decision, Vicki Massey, Rental Assistance Program Coordinator • Operation Welcome Home Update, Christy Hahn, Homeless Services Operations and Policy Analyst; Gus Bedwell, Veterans Housing Integrator; Pegge McGuire, Acting Director Community Services Consortium 	Decision Decision Briefing
12:45	Homeownership (pg.113) <i>Emese Perfecto, Assistant Director, Homeownership</i> <ul style="list-style-type: none"> • OFA – Oregon Foreclosure Avoidance, Kim Freeman, Single Family Program Manager • Bond Demographic Report, Kim Freeman, Single Family Program Manager 	Briefing
1:15	Report of the Director <ul style="list-style-type: none"> • Legislative/Budget Briefing • Statewide Housing Plan Implementation Update 	Report
1:45	Report of the Chair	Report
2:00	Meeting Adjourned	

All times listed on this agenda are approximate and subject to change. Agenda items may also be taken out of order and addressed at different times than listed. The agenda may be amended by the Council at the time of the meeting.

JULY 2019 Mtg. Material Packet

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June 7, 2019

Oregon Housing Stability Council Meeting Minutes

Chair Valfre called the meeting to order at approximately 9:00 am, and then asked for the roll call:

Agenda Item: Roll Call

	Present	Excused	Absent	By phone
Sarah DeVries				X
Anna Geller	*X			
Claire Hall	X			
Mary Li	X			
Gerardo Sandoval	X			
Charles Wilhoite				X
Chair Adolph "Val" Valfre	X			

**Arrived after 9am*

Pass/Fail **0:0:0/**

Public Comment:

Chair Valfre asked for public comment, but there was no public comment. He then asked for public comment over the phone, and there was no response. Public comment was closed.

Approval of Meeting Minutes for May 3, 2019:

Chair Valfre introduced meeting minutes for council approval, and asked the council for any discussion before calling to motion. There was no comment for the meeting minutes, and Councilmember Geller moved to motion. Councilmember Hall seconded.

Agenda Item: Meeting Minutes Approval

Motion: Move to approve the Oregon Housing Stability Council Meeting Minutes from May 2019

	Motion	Yes	No	Abstain	Excused
Sarah Devries		X			
Anna Geller	1	X			
Claire Hall	2	X			
Mary Li		X			
Gerardo Sandoval		X			
Charles Wilhoite		X			
Chair Adolph "Val" Valfre		X			

Pass/Fail - **7:0:0:1 \ PASS**

Affordable Housing Finance: *Julie Cody, Assistant Director, Affordable Housing Finance*

Multifamily Housing Decisions - 85 Stories – 4% Conduit Bond Transaction, Andrew Moran, Loan Officer

Julie Cody and Andrew Moran were invited forward. Director Salazar had a conflict of interest in one of the transactions being brought forward, and informed the council that she was not involved in the decision making to bring this transaction forward.

More information about this can be found [here](#).

Councilmember Hall asked if this project is unusually large. She then commented that Wells Fargo and Chase are normally competitors, and asked if they are teaming up to share the risk since this project may be larger than others. Mr. Moran clarified that this project is larger than most in Oregon, and AD Cody added that the size of this project is not unusual nationwide, but it is still in Oregon.

Councilmember Li expressed appreciation for the scattered site approach, and the depth and level of the racial justice efforts. She added that the goals and numbers within the racial justice goals pushes our learning and expectations for each other, even though it is challenging. Councilmember Li expressed her continued interest in understanding what it would be like to have a culturally specific MFI (Median Family Income), so that the disparity of incomes for families of color versus Caucasian families can be uncovered.

AD Cody responded and clarified that this is project based/section 8, so residents won't be required to pay higher than 30% of their income. She further explained that the rents are set at 60% in case the project based/section 8 income requirement goes away. Councilmember Li responded and added that there is nothing to do about her comment at this time, but that she wanted to take the opportunity to mention it.

Councilmember DeVries asked AD Cody and Mr. Moran why the operating expenses are so high (pg. 27). Mr. Moran responded and explained that the Home Forward employees are union labor and that they have a premium for labor costs. He went on to explain that the maintenance expenses are anticipated to just include contracts and supplies, but that in the long run they will address maintenance requirements as it happens. Mr. Moran added that the appraisal supports these expenses.

Councilmember DeVries responded and commented that she noticed very few interior upgrades were addressed, and asked Mr. Moran to provide insight about this. Mr. Moran responded that many of the buildings are in need of envelope repairs and upgrades, which is why there's a focus on those areas. He added that continued maintenance and age of these buildings has contributed to a decent interior condition, since these properties were built between 1994 through 1996. Mr. Moran explained that OHCS (Oregon Housing and Community Services) staff had an opportunity to walk through the buildings and verify the conditions.

Councilmember Wilhoite asked if the reading materials could be developed so that a simple example could show the side by side comparison of how much certain tax credits or amounts impact a structure. He added that this may help the readers of these materials understand what these transactions translate into. AD Cody asked if Councilmember Wilhoite is referring to the interest rate reduction on the OHTC tax credit, and Councilmember Wilhoite confirmed that she is correct and added that it would be helpful to have an example that shows the difference between a 9% credit versus a 4% credit impact.

Councilmember Wilhoite then asked the presenters about the tenant relocation consideration on page 27 of the materials packet. He asked the presenters what challenges they see and how they plan to react to the challenges even though OHCS is following the Relocation Act. AD Cody responded and informed Councilmember Wilhoite that her team can put together some information to address these concerns, and the possible challenges that people may encounter.

Chair Valfre asked for additional comments from any councilmembers on the phone or in the room. No one added additional comment. Chair Valfre commented that this is a complex program, and agreed with Councilmember Li's comments about equity and racial justice goals. He went on to explain that this will help to raise the threshold of what OHCS and the council wants to see. Chair Valfre added that relocation plans are very difficult and differ greatly depending on the location.

Councilmember Geller moved to motion and Councilmember Hall seconded. The motion was passed, and Chair Valfre asked anyone from Home Forward to stand up. Theresa Auld of Home Forward stood up and was recognized by the council. Ms. Auld thanked the council and informed them that additional information will be provided to AD Cody's team to share with the council. Nelda Newton of Wells Fargo was also present, and thanked for her work on this project.

Agenda Item: 85 Stories – 4% Conduit Bond Transaction, *Andrew Moran, Loan Officer*

Motion: Move to approve Pass Through Revenue Bond in an amount up to and not to exceed **\$44,030,000** to East Group Limited Partnership for the acquisition and rehabilitation of the project known as 85 Stories Group 6, subject to the borrower meeting OHCS, JP Morgan Chase Bank and Wells Fargo Bank's underwriting and closing criteria, documentation satisfactory to legal counsel and State Treasurer approval of the bond sale

	Motion	Yes	No	Abstain	Excused
Sarah Devries		X			
Anna Geller	1	X			
Claire Hall	2	X			
Mary Li		X			
Gerardo Sandoval		X			
Charles Wilhoite		X			
Chair Adolph "Val" Valfre		X			

Pass/Fail - **7:00:1/ PASS**

Homeownership – Emese Perfecto, Assistant Director, Homeownership Programs

Homeownership Program Updates

Oregon Bond Residential Loan Program – Kim Freeman, Single Family Program Manager

Quarterly Reports and Demographic Presentation – Kim Freeman, Single Family Program Manager

Emese Perfecto and Kim Freeman greeted the council. Ms. Freeman shared that there are no loan files for approval and that she will just be providing an update on the quarterly report. She further explained that there is no presentation to go along with this update, and that's she will provide a comparison of OHCS' 2019 mortgage data to the 2018 HMDA data (Home Mortgage Disclosure Act Data). Ms. Freeman shared that June is Homeownership month, and began sharing some highlights from the Oregon Bond Program. She informed the council that the interest rates were lowered in April of this year, and then lowered them again this past Wednesday, which brought the rate advantage down to

3.25%. Ms. Freeman added that the cash advantage, which offers the 3% closing cost, is at 4.25%. She explained that these rates are below the market, and then discussed the property purchase price limits on page 38 of the materials packet. After the update, Ms. Freeman asked the councilmembers for any questions or comments.

Councilmember Li thanked Ms. Freeman and asked if there are any concerns about being able to hit some of the production targets. Ms. Freeman responded to Councilmember Li and informed her that her team meets with the management team on a weekly basis, have set some ambitious goals and will be watching the rate more actively this year. She ended her response by clarifying that she and her team will meet the production goals by the end of the year.

Councilmember Li then asked for an update on the minority home ownership gap taskforce, if it's possible at this time. Director Salazar commented that we have the production targets for the Oregon Bond Residential Program, but that the production targets for the statewide housing plan are slightly more broad. She informed the council that they will provide an update on some of the other programs in the future months, and how they are impacting some of the more ambitious goals OHCS has set for itself. Director Salazar ended her comment by stating the taskforce on racial disparities in homeownership is taking a bit of a pause during the session, since it is a legislative taskforce, but that they are waiting to see where they go next.

Ms. Freeman informed the council that they received a notice for a new meeting on June 14th, where they will be looking at next steps for the group, particularly since a report is due next September.

Chair Valfre asked for any additional comments from councilmembers, and Councilmember DeVries asked if Ms. Freeman and AD Perfecto's team could find a standard to present the AMI (Area Median Income) baseline for the homeownership presentation, since the income limits are difficult to contextualize. Ms. Freeman apologized to Councilmember DeVries for not seeing an email regarding this prior to the housing stability council, but that they will address this concern. She asked Councilmember DeVries if she would like that information on a quarterly basis, and Councilmember DeVries responded that receiving this information just once would be enough, and further explained that the councilmembers could gauge what the average is compared to the income limit AMI.

Chair Valfre asked Ms. Freeman how the market feels about the interest rate change, and she responded that they have had some favorable calls and emails regarding this change. Chair Valfre said that the council looks forward to hearing more about this.

Housing Stabilization Update - Christy Hahn, Homeless Policy Analyst, Housing Stabilization

Christy Hahn introduced herself and provided an update about Budget Note Report HB 5201 (Strategies to Achieve Equity and Accountability in Oregon's Homeless System). She explained that they presented the final plan to the legislature and have been working on the implementation of that work. Ms. Hahn explained that they have completely revised the master grant agreement (MGA) to create a more concise document, and this document has given them the opportunity to receive a more in depth assessment of where the partners are in regards to utilizing best practices. She added that this information will be used to create capacity building plans for the partner agencies, and thanked the council for their involvement in that work. Ms. Hahn informed the council that the HMIS (Homeless Management Information Systems) work is being assisted through a new position at OHCS as the HMIS administrator, which will be hired at a later point this month. Lastly, she informed the council that OHCS will be hosting a CoC (Continuum of Care) partner convening in the near future to discuss data sharing agreements, so that they can access all client data and not just the data from OHCS funded programs.

EHA Real Estate Policy Recommendations – Vicki Massey, Rental Assistance Program Coordinator

Vicki Massey introduced herself and began her presentation of the materials. More information about this can be found here.

After the presentation, Ms. Massey asked for any questions from the councilmembers. Chair Valfre asked if they will have to purchase bare land, and Ms. Massey responded that they would for a project such as the tiny homes project. Councilmember Hall asked if Ms. Massey and her team has received any feedback from community action agencies and if they've run into any obstacles, if they've experienced agency capacity issues, if they've run into issues with getting the dollars out to their community, or anything else. Ms. Massey responded and stated that she has heard feedback from community action agencies about the matters Councilmember Hall mentioned. She explained that some of these matters reside with OHCS, because of OHCS' effort to be responsive with the service providers while also addressing the risks of the transactions. She further explained that this shows that a training effort may be needed to show the service providers what is required in order to move forward.

Councilmember Geller asked Ms. Massey if her team is getting a timely response from DOJ (Department of Justice). Ms. Massey informed Councilmember Geller that OHCS has some new staff available at DOJ and that she hopes that will make this process somewhat quicker. Director Salazar added that there is a staffing constraint at OHCS and with colleagues at DOJ. Councilmember Geller expressed her concern for the emergency of getting people experiencing homelessness housed, and stated her appreciation at the idea of community action agencies developing property. She asked if it would be possible to build a pool of housing developers who could shepherd the community action agencies through the site selection and acquiring of the property.

Director Salazar added that there could be a concept where OHCS can see what the total EHA (Emergency Housing Assistance) allocation is in the coming biennium and potentially carve out some funding from that to engage some consultants to make available to help community action agencies with their local projects. Councilmember Geller responded and stated that community action agencies could interview certain consultants from a list to decide who is best to work with. Director Salazar stated that OHCS will explore this idea. She went on to explain her understanding of the distinction between development of permanent housing structures and quick construction of emergency housing, and that OHCS is walking the line between these two distinctions.

Councilmember Hall expressed excitement about the prospect of providing community action agencies with the tools to assist in housing development and referenced a positive outcome of this in Newport, Oregon.

Chair Valfre expressed appreciation for Councilmember Geller's comment, and added that providing assistance to community action agencies is important. Ms. Massey clarified that the EHA and SHAP funding sources are general fund and have to be spent within the biennium. She added that this means \$40 million dollars need to be spent within the span of 2 years. After making this clarification, Ms. Massey returned to her presentation.

Councilmember Geller asked Ms. Massey for clarification on the last bullet on page 42 ("Acquisition requirements monitored via an annual certification"), since the acquisition of property is a quick process. Ms. Massey clarified that the word "acquisition" is probably not the appropriate word to use in that

sentence, and added that this bullet point was supposed to refer to the eligibility of persons receiving services being monitored. Councilmember Geller thanked Ms. Massey for her explanation, and Ms. Massey continued her presentation.

After the presentation concluded, Chair Valfre asked if monitoring includes the demographics of the populations being served. Ms. Massey explained that this falls under the budget note and EPIC (Ending homelessness, Preventing homelessness, Inclusion and Diversity, and Community Capacity) outcomes work, since that client data will flow into the data reports from community action agencies.

Councilmember Geller informed Ms. Massey that if a 15-year compliance period is wanted, then OHCS should also require 15-year life period for the structures. Ms. Massey agreed. Councilmember Geller mentioned that the monitoring aspect is very important for the structure, because a lot can change in 15 years. Director Salazar thanked Councilmember Geller for her comment on the life span of structures, and asked if she is also raising a question about the operating costs of maintaining housing structures. She went on to explain that there needs to be a plan if those operating cost dollars aren't available and that OHCS staff are thinking about this and taking it into consideration. She asked if any staff members would like to respond to this concern at this time. Ms. Massey answered that the state policy has instructions about what to do if the project is no longer of needed use, and that the owner or sub grantee can suggest a change in the use of the project at that point. She elaborated that the use of the project can be changed, and that this would vary case by case. Ms. Massey informed the council that the projects that go through the multifamily division at OHCS go to the asset and compliance management section, where they work with the property owner to determine the best plan of action.

Councilmember Geller stated that these structures will be built on land with restricted use requirements, which will prevent tenants and residents from being kicked out so that the land can be sold. She went on to raise the topic about windfall, and the tension around building these emergency structures now, despite the lack of value they may have later. Councilmember Geller added that the value of the housing structures cannot be predicted at this time, but that windfall is an ethical question regarding this matter.

Chair Valfre asked if there is a period of time where these housing structures can be converted to permanent housing structures, and if there are any restrictions to this. Ms. Massey responded and informed Chair Valfre that she is unaware of the restrictive covenant, but assumed that the restrictive covenant would fall off after the 15-year period. Chair Valfre commented that Ms. Massey and her team may be able to work with DOJ to figure out the answer to that, since that question will probably come up in the future. Chair Valfre referenced the Equity & Racial Justice Priority in the Coordination with Statewide Housing Plan Priorities section on page 44, and suggested information on the percentage of minority contractors within each hired group.

Councilmember Sandoval asked why neither of the two funding sources are helping to fund other organizations outside of community action agencies. He mentioned that there are nonprofit organizations which already work with housing development and populations experiencing homelessness. Director Salazar answered that OHCS is mandated by statute to allocate EHA and SHAP (State Homeless Assistance Program) to community action agencies, and added that OHCS is aware of some of the challenges with this since community action agencies act very differently across the state. Director Salazar further explained that this issue has been highlighted in the dialogue with the budget note around services such as shelter, domestic violence services, and others and that in some cases the community action agencies work very closely with providers of those services. She emphasized that this

may not be the case in every part of the state, but that OHCS and her team are open to suggestions from the council about which direction to go in. Director Salazar elaborated that her team is open to guidance in regards to the appropriate share of EHA dollars to earmark towards these structures and facilities, and the limit for these funds. She ended her comment by expressing an openness to advice that the council is able to provide about such topics.

Councilmember Li stated that shelter is a stopgap to what is really needed in the state, which is housing. She explained that housing development requires more difficult and innovative work, and wants OHCS to have a point of caution around the work being done around shelter versus housing development. Councilmember Li went on to explain that she is interested in the impact of the shelter study information being brought forward with community capacity, readiness to move, and ability to manage large sums of money. She added that the large sums of money will be used to provide higher levels of services and to potentially take on real estate projects, but taking a look at capacity levels for each area is important. Councilmember Li expressed an interest in exploring housing options in every area, and stated community action agencies proposing standalone projects should be required to explain how the project fits within the context of continuum of care within that community (i.e. homelessness prevention). She went on to explain that partnerships should be required, since community action agencies shouldn't be expected to learn this process on their own, and that providing them with an opportunity to choose from a vetted pool of qualified development assistants is a great idea as well. Councilmember Li went on to express her concern to make sure that shelters are operating under best practices so that current missions and values are upheld, particularly since research has proven the historical requirements to be ineffective. She expressed her dissatisfaction about the idea of funding shelters that don't reflect values and best practices upheld by OHCS and the Housing Stability Council. Lastly, Councilmember Li encouraged a future discussion about having a culturally specific MFI (Median Family Income).

Director Salazar informed the councilmembers that the shelter study will be brought to next month's meeting, so that this dialogue can be continued, and voiced the agency's agreement that the shelter strategy is not a solution. She shared a conversation that she had with former Councilmember Tillman where they discussed how critical the low-barrier component is and that this will be a big lift for the state.

Councilmember Hall expressed appreciation for being able to look at the shelter study draft, and stated that it confirmed her observations that critical mass hasn't been reached across the state at this time. However, she noted that it still called out the need for expanding shelter capacity to reach the larger goal of making homelessness as brief and rare as possible.

Councilmember DeVries reiterated the previous statement made about not making developers out of service providers, and expressed concern about how difficult the construction process can be when it's not understood. She recommended adding a layer of requirement, such as an OHCS or project manager representative, who can provide oversight for these organizations. Councilmember DeVries stated that this could be mandated or required by partnerships.

Councilmember Wilhoite reiterated Councilmember Li's previous comments, and stated that humanity is at the core of the work OHCS and the council are doing. He explained that emergency shelter is a necessity to provide temporary shelter, and appreciates the conversation about how to responsibly address this issue. Councilmember Wilhoite added that he appreciates the clarity of the flowchart in the meeting materials as well.

Chair Valfre summarized the councilmembers' comments, and added that he has a few concerns about the use of bare land due to restrictions such as zoning and conditional use.

EHA Real Estate Project: Medford Shelter at 6th and Ivy, Vicki Massey, Rental Assistance Program Coordinator

Vicki Massey introduced herself and began her presentation of the materials. More information about this can be found [here](#).

Councilmember Li posed a question regarding the 60-day stay limitation on page 49 of the meeting materials. She asked Ms. Massey if the expectation is to transition people from the shelter to permanent housing after 60 days. Councilmember Li expressed that one of the challenges of shelter is the lack of continuum of care, particularly if affordable housing isn't accessible in the area. She added that the issue of homelessness cannot be resolved within 60 days for most individuals who stay at shelters.

Ms. Hahn shared that the community action agency (ACCESS) is part of the continuum of care in that area, and that they may have something worked out with the housing authority to assist these specific clients move into affordable housing more quickly. She added that this will be explored and they will seek out why the stay for this shelter has been restricted to 60 days. Director Salazar added that a plan to get them into housing can be crafted, whether it's through vouchers or being added to a waiting list for affordable housing.

Councilmember Geller explained that the 60-day timeline has been around for a while, and that it was previously supported by good ideas. She informed that councilmembers that it's important to be communicative with sponsors, rather than rigid, so that the population experiencing homelessness is not set up to fail. Councilmember Geller added that the general awareness of how this population is going to succeed is really important. Ms. Massey responded and stated that this may be a great way to add this to the application as a question, so that OHCS can get a response. She added that this may be a way to begin this conversation with partnering agencies, and to assist in expanding or changing the perception around shelters.

Chair Valfre reiterated that this subject matter is a challenging area, and that there aren't enough resources for moving individuals experiencing homelessness along to affordable housing units since there are waiting lists which are a few years long in some areas. He added that this is a significant issue, and that it's really important to think about what happens after the 60-day stay limitation has ended.

Affordable Housing Finance – Julie Cody, Assistance Director, Affordable Housing Finance

Qualified Allocation Plan (QAP) Policy Update – Tai Dunson-Strane, Tax Credit Program Manager, Natasha Detweiler-Daby, Sr. Ops and Policy Analyst

Ms. Detweiler-Daby gave the presentation. More information about this presentation can be found [here](#).

During the QAP update, the presenters posed questions to the councilmembers for advice. AD Cody asked the councilmembers the following question (QAP Policy Update, slide 7):

Is Housing Stability Council comfortable continuing to use this approach in awarding points for MWESB contracts until we are further along in the development of a comprehensive MWESB strategy?

Councilmember Li advised the AD Cody and her team to take smart risks with this policy and to stretch goals. Councilmember Sandoval voiced the importance of rewarding the organizations that are already doing what needs to be done.

Councilmember Geller informed the council that a high premium is charged for rural projects by a contracting company from Portland, because there are not enough contractors within the rural community that are MWESB (Minority-owned, Women-owned, or Emerging Small Business) registered. She added that there needs to be work done with different areas in Oregon to gather a number of MWESB registrations in that community. Councilmember Geller went on to comment that OHCS and the council needs to be realistic about the expectations for the MWESB registration process throughout Oregon.

AD Cody clarified that the contractors will have the data regarding MWESB contractors in different areas throughout Oregon, and added that it's important to build more of an MWESB capacity in particular areas around Oregon. Councilmember Geller agreed and elaborated that there may not be many MWESB certified contractors in rural parts of Oregon. AD Cody explained that there may be ways to work through some of the barriers in the certification process, such as getting contractors certified for part of the MWESB registration. She explained that there may be contractors that qualify for the emerging small business certification, rather than the minority or woman-owned certification. AD Cody informed Councilmember Geller that she would like to speak with her more about this topic offline.

Chair Valfre asked for additional comments, and no one else offered. He encouraged OHCS to move forward with this process, despite the challenges.

Mr. Dunson-Strane continued the presentation, and posed the following question (QAP Policy Update, slide 9):

Is Housing Stability Council comfortable continuing to use the 4% LIHTC resources as the tool for projects that can capitalize on economies of scale to get those 60% units on the ground relatively quickly with little policy overlay, (including MWESB, supportive services, large unit sizes, etc) while focusing the 9% LIHTC program more so on furthering harder to serve policy objectives?

Director Salazar added context to the question above by stating that 4% and bond transactions are layering in other OHCS resources more often. She added that this recommendation is being made, because the 4% federal program paired with private activity bonds is designed to not be a competitive program and OHCS' goal is to make this as user-friendly as possible. Director Salazar emphasized making this federal resource available, and potentially pairing it with another resource.

Councilmember Li thanked Director Salazar for her clarification, and asked for further clarification on the restrictive expectations for the way the 4% LIHTC resources are used. Director Salazar explained that there may still be transactions that come in using the 4% and private activity bond that are not proposing to pair with the other state dollars, and OHCS finds it appropriate as long as developers are able to fast-track development using these federal programs. She added that OHCS would like the

council to think about this prospect. Councilmember Li expressed her willingness to accept OHCS staff's analysis of this matter, but also pointed out the urgency in representing OHCS' values.

Councilmember Geller thanked Director Salazar for her comment, and explained that the 4% bond program is providing a very important infrastructure on the continuum of housing. She added that the 60% units will become more affordable over time, even if they aren't affordable at this very moment, now that Oregon has statewide rent control.

Councilmember Wilhoite asked if there is any indication that this program is not working. He went on to ask what the real issues are in regards to this particular program, because the question may be posed to the council and OHCS in the future. AD Cody responded and explained that the 4% program alone, without any other funding, is a non-competitive program. She added that this aspect of it makes it really easy to use, but that it may result in it not being paired with a local subsidy. AD Cody further explained that this makes it easier for OHCS to continue putting additional resources out without a competitive process of scoring projects as they come through. She added that OHCS would like to have the ability to attract others to our market for larger urban projects in the future.

Chair Valfre informed the council that he has a concern about the minimal policy requirements, and that he would be more comfortable with some additional standards that could be easily superseded by local jurisdictions. He added that 4% program is going to be under high demand by the metro bond, who will have their own standards, but reiterated that he would more comfortable with minimal standards for the 4% program.

Councilmember Geller asked if there would be a requirement for contracting across the board. AD Cody responded that OHCS could have a minimal standard, and once they have a better understanding of that, this conversation will be easier to have. Councilmember Geller voiced her concern at not discouraging out of state developers from developing housing in Oregon, particularly since there are a few challenging programs.

Director Salazar stated that there is a distinction between matters such as MWESB, how the project is getting built, and the kind of project AD Cody and her team are discussing.

Chair Valfre asked if the comments helped to answer the question presented by AD Cody and her team. AD Cody confirmed that the comments did help. Ms. Detweiler-Daby resumed the presentation.

The following question was posed to the council:

How should we approach the balance between wanting to ensure that small rural and culturally specific partners have access to our funding resources factors and the desire to get units placed on the ground quickly which increases predevelopment investment needs?

Councilmember Geller commented on the highly regulated zoning process and how it interacts with readiness to proceed. While she expressed a likeness for readiness to proceed, she also stated concerns about it being realistic, considering how difficult it is for developers right now and the cost of it. Chair Valfre asked for additional comments, and there were no additional comments. He asked AD Cody what predevelopment opportunities the state is offering. AD Cody responded that her team is working on balancing requirements and costs, and that she is unsure about getting back into the

predevelopment funding business. She explained that she and her team can ensure that they have relationships with lenders that engage in and understand this type of work, and added that they may be able to incentivize those funds to do certain rural and culturally specific projects.

Chair Valfre informed AD Cody that he was previously with a predevelopment funding organization in Washington County, and agreed with the earlier comments about the challenges with readiness to proceed. AD Cody explained that one way to incentivize developers to be more realistic and to know what they're signing up for is to rollover any negative points they've acquired to the next round. She ended her comment by informing the council that she and her team are toying with types of scoring pieces as well.

Councilmember Geller asked if there would be an appropriate predevelopment tool to get those 4% transactions where we want to see them, but reiterated that this was a rhetorical question that she is thinking about.

Councilmember Li expressed appreciation at the co-creation of this work between OHCS staff, the housing stability council and the developers, since this process has worked out fairly well. She went on to reiterate Councilmember Geller's comment about the changes that have occurred in the last few years and wanted to reflect on the conversation about costs. She explained that she is unsure that points should be given for cost containment, because the containment comes at the risk of some of OHCS' policy targets and some of the vulnerable populations. Councilmember Li stated that this takes more time, money and resources and that they may still be missing the most vulnerable populations. She ended her comment by stating that this cost may be beneficial, because it is incorporating racial justice and equitable services to underserved communities.

Councilmember Geller explained that developers are taken more seriously when they have more funds to provide. She added that cost containment has been an issue in the past, but that she understands why costs are growing and where they're coming from now as time has gone on. She emphasized that most of the costs are higher due to goals that are beneficial in some way (i.e. environmentally friendly, amenities within housing units for families), and wanted to defend the higher costs. She told AD Cody and her team that she hopes her team and OHCS receives an itemized lists of the costs so that this information is shown in detail, and the costs can be defended when there are questions or inquiries.

Chair Valfre stated that the legislature pushes back on higher costs, and that a lot of projects don't always have someone on point to handle the confrontations about costs. He explained that if one project costs more than there will be less for another project, but reiterated that what is being asked for is not unrealistic since these structures are where families grow and thrive.

AD Cody informed the council that their comments have been very helpful. Ms. Detweiler-Daby informed the council that her team will be meeting with culturally specific developer partners and are working on a redline draft of the QAP to put real words to the changes they are working towards.

GAP Offering Framework Introduction – *Natasha Detweiler-Daby, Sr. Ops and Policy Analyst, Ed Brown, GHAP Program Manager*

\$10 MM Small Projects

\$5 MM New Construction with 4% of LIHTC

\$4 MM for Veterans Housing

Ed Brown was invited to present along with his team, and began the presentation. More information about this presentation can be found [here](#).

After the presentation, Ms. Detweiler-Daby asked the council the first of three questions from their presentation:

Should we prioritize putting resources to develop units set-aside for Veterans into all projects, or should we restrict those resources to just the small project offering?

Councilmember Li suggested expanding the focus from single veteran individuals to veteran family households.

Chair Valfre asked for additional comments, and Councilmember Wilhoite asked if the MWESB scoring in the offerings is weighed heavily enough. Ms. Detweiler-Daby asked for clarification, and Councilmember Wilhoite stated that he is not suggesting a change to the way it is weighed, but that he is unaware of the impact that expectation will have. Ms. Detweiler-Daby informed him that she and her team will get back to him with more information about his question.

Councilmember Wilhoite asked if there is a possibility to have some funding in the reserved category where that reserved allocation can go towards advancing programs in entire state to advance MWESB. He added that this topic about funding will need to be discussed in the near future. Ms. Detweiler-Daby thanked him for his comment.

Chair Valfre agreed with Councilmember Li's comment about serving veteran families, and informed the presenters that connecting services to the veteran community would be beneficial for them.

Ms. Detweiler-Daby posed the second question for the council:

Should we allow preservation / rehabilitation projects to apply for the Small Project offering?

Chair Valfre asked for comments from the council. Director Salazar asked if they would like to preference new construction. Councilmember Li stated that she would be confident to rely on staff expertise regarding that preference.

Councilmember Geller asked if OHCS is making this program like the ones that they already have, or if it will be a unique program that addresses an unmet need. Ms. Detweiler-Daby responded and informed the council that their hope is that this offering addresses the pieces that weren't previously addressed, and that this is an attempt to streamline processes to make this application easier for the smaller rural partners. She directed their attention to the memo where it indicates that 70% of these project resources are supposed to serve rural areas.

Councilmember Geller explained that the needs for rural Oregon are different than other communities in Oregon.

Ms. Detweiler-Daby posed the third question to the council:

Our current framework includes preference points for projects connected to several state agency capacity building efforts; do we want to expand this point incentive to projects participating in other, unrelated, capacity building efforts?

Councilmember Geller stated that this is a good idea on the surface, but explained that there is a distinction between participating and good developers. Councilmember Li expressed agreement with Councilmember Geller's statement, but added that they should be looking at a strategic systems level for these partnerships. She added that points should be added if the work is further their agenda on a strategic systems level.

Councilmember Sandoval asked how those boundaries and parameters are defined for the partnerships, and the decision-makers behind the creation of those boundaries and parameters. Chair Valfre stated that Councilmember Sandoval's comment made a good point, and asked for additional comments. Ms. Detweiler-Daby informed the council that they will return in July with additional updates.

Councilmember Li expressed appreciation for their focus on tribal nations and culturally specific partnerships, but added that she looks forward to hearing more information about the demographics of who will occupy these units. Councilmember Li pointed raised the point of providing outreach to specific communities so that they are aware of these opportunities.

Chair Valfre informed the staff and councilmembers that he enjoys the feedback and questions during these meetings, and thanked the staff for the way the material was presented.

Report of the Director:

Director Salazar invited Ariel Nelson up to present the legislative updates. Ms. Nelson informed the council that the agency budget bill is scheduled for the following week, and what OHCS is expecting to receive funding for. Before proceeding, she reiterated that this information is all pending and subject to confirmation by the legislative committees. Ms. Nelson discussed [Senate Bill 5512](#) and informed the council that this includes staffing increase requests, and other increased resources. She shared that OHCS is expecting a small amount of funding for foreclosure avoidance and homeownership counseling, estimated at around 1.5 million. Ms. Nelson informed the council that the Greater Oregon Housing Accelerator bill will not be moving on, however, OHCS is expecting 5 million dollars in funding through the corresponding policy option package in the budget to continue the housing pilot work. She added that [House Bill 2056](#) will update the existing loan guarantee account to attract financing for rural Oregon, and will be moving on to the full Ways & Means Committee, and then to the House and Senate floors for approval. Ms. Nelson concluded the updates regarding funding, and moved on to the updates regarding general fund bills that will be moving through the following Monday. She updated the council on [House Bill 2006](#), [House Bill 2002](#), [House Bill 2896](#), [Senate Bill 586](#), [House Bill 2001](#), and [House Bill 2003](#). Ms. Nelson informed Chair Valfre that she will get back to him with specific information regarding the size of the cities involved in House Bill 2003. Councilmember Li asked if last two bills (House Bill 2001 and House Bill 2003) come with administrative resources, and Ms. Nelson confirmed that they do.

Director Salazar informed the council that links to these hearings will be sent out to them, and that debriefs will be provided in July or August for a fuller picture. She provided an update on the proposed rules HUD has put out for comment, and began discussing the mixed status family rule which would prohibit mixed immigration status families from living in public subsidized housing, where they could potentially be evicted from their housing after 18 months or sooner. Director Salazar shared that HUD estimated this may be up to 25,000 families from receiving housing assistance nationwide. Director Salazar shared that OHCS is coordinating a response with Oregon Housing Authority Association, and indicated that they will be surveying the impact across the state. She told the councilmembers that she will be meeting with them the following week, and that she's placed this issue on the agenda for NCSHA (National Council of State Housing Agencies). Director Salazar informed the council that comments are due by July 9th. She continued on to discuss HUD's second proposed rule to amend the equal access rule for LGBTQ+ members by weakening those protections, and allowing shelter providers to have exemptions to serving transgender individuals based on religious preference. Director Salazar shared that OHCS plans on having a response to this, but encouraged councilmembers to sign on. She provided information on another update from HUD regarding the oversight of section 8 properties in Oregon, and the potential to rebid those contracts. Director Salazar shared that HUD will be extending the contract, but with financial cuts, so OHCS is currently negotiating this change.

Director Salazar shared that the Affordable Housing Credit Improvement Act of 2019 was introduced to both the Senate and House, which includes provisions that OHCS have been working on at national level to strengthen tax credit. She informed the councilmembers that more information about this subject will be brought back to them.

Director Salazar informed the councilmembers that Assistant Director of Housing Stabilization at OHCS, Claire Seguin, will be moving on to a different position and that Assistant Director of Public Affairs, Kenny LaPoint, will be the interim director for Housing Stabilization. She added that Kim Travis, housing integrator of the public affairs division, will be taking AD LaPoint's place during this interim. Director Salazar shared that James LaBar (Regional Solutions Director and Policy Advisor for Housing, Economy, and Jobs at Oregon Governor's Office) will be moving on to North Carolina, and invited him forward to speak with the councilmembers.

Director Salazar updated the council on OHCS' annual report, which was passed out to councilmembers, and informed the council that the OHCS logo will be changed in the near future as well. She went on to provide a list of events which will be occurring in the next few weeks, and directed them to check the calendar of events which was shared with them by email if they are interested in participating. She briefly invited councilmembers to the Veterans Convening on July 30th to 31st. Lastly, Director Salazar communicated with the councilmembers about the follow-up from the housing stability council retreat which took place in May, and informed them that follow-up notes will be sent as soon as they are available. Director Salazar shared that a few follow up items and feedback are still being worked through, but that they will be bringing back more ideas to council for consideration.

Lastly, Director Salazar asked the councilmembers for feedback about extending July's council meeting by an additional hour, and would like to know if they will be available.

After she finished her report, Director Salazar turned it over to Chair Valfre.

Report of the Chair:

Chair Valfre shared details of his trip to Enterprise, Oregon and discussed the need for other services in addition to housing, such as transportation and medical resources. He added that wide distances tend to limit access in certain areas, but that housing serves as a bedrock in Oregon's communities.

Chair Valfre discussed Operation Neptune (D-Day Landing in Normandy) and the significance of how one generations' sacrifices and contributions benefit the following generations.

Lastly, Chair Valfre thanked Mariah Acton for her work on the housing stability council retreat last month.

Meeting Adjourned

The meeting was adjourned at 1:15 PM

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Date July 12, 2019

To: Housing Stability Council
Margaret Solle Salazar, Director

From: Brad Lawrence, Loan Officer
Casey Baumann, Underwriting Manager
Julie V. Cody, Assistant Director Housing Finance

RE: Claxter Crossing Apartments, Conduit Bond 4% LIHTC funding request

MOTION: Move to approve Pass Through Revenue Bond in an amount up to and not to exceed \$7,300,000 to Claxter Crossing Apartments LLC for construction of Claxter Crossing Apartments, subject to the borrower meeting OHCS, Key Bank National Association, and CREA LLC's underwriting and closing criteria, documentation satisfactory to legal counsel and State Treasurer approval of the bond sale.

Overview and Location:

At the July 12, 2019 Housing Stability Council (HSC) meeting, we will be asking HSC to consider the motion to approve the funding of Claxter Crossing Apartments. This project consists of eight, 3-story, garden-style, residential buildings, and will include 102 units (including one manager's unit). The project will be located in Salem's Northgate neighborhood, near Hyacinth St NE and Portland Rd NE.



Funding History:

We are currently requesting approval for the use of up to \$7,300,000 in Pass Through Revenue Bonds. Previously, this project was awarded \$4,590,000 in Local Innovation and Fast Track (LIFT) funds.

Funding Context:

This project uses non-competitive 4% Low Income Housing Tax Credits as well as competitive LIFT resources, which were reserved to the project in 2018. As a LIFT transaction awarded in 2018 the project was required to serve communities of color, use low subsidy, and include outreach to minority women and emerging small businesses.

Project Sponsor and Partnership:

The sponsor and developer of Claxter Crossing is North River Partners LLC (NRP), which is comprised of three area business leaders with a wealth of finance, development and social services experience. NRP has partnered with Home First Development (HFD) as development consultant. HFD has completed nine projects providing a total of 464 units of affordable housing and has utilized the following OHCS programs: Local Innovation and Fast Track (LIFT), Low Income Housing Tax Credits (LIHTC), and Oregon Housing and Community Services Mental Health Housing Fund (MHMF). NRP has also partnered with DDV Consulting Services (DDV) for project financing. Darcy Vincent, President of DDV, has over 22 years' experience in affordable housing and has successfully provided oversight to 42 properties in lease up.

Notable Features:

Claxter Crossing is located in Salem's Northgate neighborhood close to a wide array of services, job centers, and other amenities. The southern reach of the neighborhood hosts the Salvation Army Ray & Joan Kroc Corps Community Center, which is a large multi-use facility dedicated to providing under-served children an opportunity to excel while experiencing an environment of excellence.

Policy Priorities:

This project will help further multiple priorities outlined in the statewide housing plan. Namely Equity and Racial Justice and Affordable Rental Housing.

- **Equity and Racial Justice Priority**

- **Community Demographics:**

Fundamental to understanding the impact of this project in the community is to understand the composition of the community. The project was conceived in response to the estimated shortage of nearly 6,000 affordable housing units in Marion County. The project site is located in a predominantly Hispanic/Latino neighborhood, where high percentages of area residents speak Spanish in the home and are economically disadvantaged. Specifically, the census tract consists of 52.8% people of color, of which 83.5% are renters and 47.3% have a household income under \$30,000 per year, slightly less than 45% of area median income. The tract is identified as having the highest possible risk of gentrification using our index from the 9% LIHTC application, and this housing, particularly its 66 two-bedroom units, will help prevent vulnerable families of color from being displaced from their community.

- **Affirmative Fair Housing Marketing Strategies:**

HFD, whom the sponsor has contracted with as a development consultant, will collaborate with Neighborhood Economic Development Corporation (NEDCO) for culturally specific outreach. NEDCO has worked since 1979 to make sure the people in Lane, Marion and Clackamas counties have the tools and resources they need to build a brighter financial future. Their mission is to build human and capital assets to strengthen neighborhoods and broaden participation in community ownership and governance. They fulfill their mission by helping the communities find safe and affordable housing, develop and maintain solid businesses, and bring neglected neighborhoods back to vibrancy.

- **Resident Services:** North River Partners LLC has partnered with NEDCO to be the primary service provider.

Specifically, NEDCO will:

- Provide a range of financial literacy and asset building classes, coaching, and tools/resources, including:

- Classes relating to financial literacy, first time homeownership, starting a small business, planning for retirement, managing student debt, etc.
 - Individualized coaching related to all of the above, covering topics like: budgeting, credit history, establishing/repairing credit, saving for a major purchase, paying down debt, etc.
 - Financial tools including: credit-builder loans, rental deposit loans, micro and small business loans, Individual Development Accounts (3:1 matched savings), and down payment assistance.
- All NEDCO classes and services will be available bilingually. NEDCO has 3 full time native Spanish-speakers on staff who have developed specialized Spanish curriculum (i.e. Spanish classes aren't simply translations of English).
- NEDCO will:
 - Develop and deliver 12-18 annual classes on site at Claxter Crossing, utilizing the community room
 - On site drop-in "office hours" for financial coaching at least quarterly
 - Provide any resident who completes an on-site class with a free oneyear membership to NEDCO (normally \$75) for a comprehensive suite of classes and more in-depth financial coaching (including both in-person and virtual workshops).

HFD, whom the sponsor has contracted with as a development consultant, will collaborate with NEDCO; handling the marketing for NEDCO classes to residents and managing the services contract on behalf of North River Partners.

- **Contracting, Diversity, Equity & Inclusion:**

HFD tailors its contractor diversity, equity and inclusion approach to the project based on the project's location and the known availability of businesses. For the Claxter Crossing project, HFD has established a target for participation of 15% of the subcontracts (total construction contract less, general conditions, profit, overhead and self-performed work) to be awarded to MWESB and Service-Disabled Veterans (SDVB) businesses (state COBID certified and COBID eligible). HFD also established that 15% of the professional service contracts be awarded to MWESB and SDVB businesses. HFD expanded its target to COBID eligible firms to provide more opportunities to firms that have not been certified but may meet the criteria.

HFD conducted outreach on the available professional service opportunities in summer, 2018. They presented information at Salem Capital Connections, a

monthly MWESB and small business networking meeting in Salem. Construction and professional service opportunities are presented at the meetings. HFD utilized the state COBID database, local small business contacts and research to identify as many MWESB firms as possible. Four of the firms used for professional services are MWESB certified or eligible firms, and approximately 17% of the contracts have been awarded.

HFD will work with the general contractor Randy Fultz Custom Homes (RFCHLLC) to meet or exceed their goals. Home First and RFCHLLC have two team members with extensive experience in assisting projects meet these goals. Tony Jones, a project manager with HFD has 15 years of experience in contractor diversity, running two training programs, the Contractor Support Program former at the Housing Development Center, and Metropolitan Contractor Improvement Partnership that worked with over 200 MWESB firms. Mr. Jones became a key link for developers and contractors to meet or exceed their diversity goals. Don Silvey of Silco Construction is providing consulting and project management related services to RFCHLLC. Silco has previously worked with Mr. Jones and they will work collaboratively to meet project goals. They will evaluate the contracting opportunities and target firms in the Willamette Valley first and reach to the broader community to encourage bidding. HFD will assist RFCHLLC to provide a summary of our contracting results.

- Homelessness Priority
 - N/A
- Permanent Supportive Housing Priority
 - N/A
- Affordable Rental Housing Priority
 - The Claxter Crossing Apartments project was conceived in response to the estimated shortage of nearly 6,000 affordable housing units in Marion County. The project will serve a population in need of affordable housing, in an area where high percentages of area residents speak Spanish in the home and are economically disadvantaged.
- Homeownership Priority
 - N/A
- Rural Communities Priority
 - N/A

Risks and Mitigating Factors:

This is the first Low Income Housing project for the sponsor, NRP. This is mitigated by the following:

- The NRP ownership team is comprised of three area business leaders with a wealth of finance, development and social services experience.
- HFD, who the sponsor has contracted with as development consultant; has completed nine projects providing a total of 464 units of affordable housing with many utilizing OHCS programs. Currently, there are five projects in the HFD development pipeline that will provide an additional 258 units of affordable housing across Oregon.
- DDV Consulting Services, who the sponsor has contracted with as a financial consultant, has over 22 years' experience in affordable housing with diversified experience in leadership, executive management, acquisitions, and strategic real estate development and planning. She has successfully provided oversight to 42 properties in lease up with many utilizing OHCS programs.

The pages that follow will provide more technical details on the proposed project.



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Project Detail: Claxter Crossing

Project Sponsor: North River Partners LLC

Property: Claxter Crossing Apartments
4285 & 4265 Claxter Court NE
Salem, OR 97301

Owner: Claxter Crossing Apartments LLC

Description: Claxter Crossing Apartments will be an eight building, three-story, 102-unit development located in the Northgate Neighborhood of Salem.

Affordability:

Funding Source	# Units	% Income	% Rents	# Years
LIHTC/Bond	102	60	60	30
LIFT	102	60	60	30

Target Population: Families and individuals at or below 60% MFI

Environmental Review: A Phase I report review has been completed and all recognized environmental conditions or issues on the site have been addressed with a remediation plan acceptable to DEQ, lender, investor, and OHCS is in place.

Finance Committee Approval: OHCS Finance Committee Reviewed and Approved this Project to be Recommended to the OHCS Director and the Housing Stability Council on July 12, 2019

Summary:

Claxter Crossing Apartments consists of eight, 3-story, garden-style, residential buildings located in NE Salem, and will include 102 units (including one manager's unit) with a mix of sixty-six 2-bedroom, and thirty-six 1-bedroom units. Along with 4% LIHTCs and tax-exempt bonds, Claxter Crossing will utilize OHCS LIFT funds of \$4,590,000 (awarded June 2018.)



Financing Structure:

Construction Lender: KeyBank National Association

Permanent Lender: KeyBank National Association / Freddie Mac

General Contractor: Randy Fultz Customer Homes, LLC.

Equity Investor: CREA, LLC

<u>SOURCES</u>		<u>USES:</u>	
OHCS Sources:			
Tax Exempt Bonds (Long Term)	\$4,800,000	Acquisition	\$845,000
Tax Exempt Bonds (Short Term)	\$2,500,000	Construction	\$10,076,426
Short Term Use of Bonds	(\$2,500,000)	Development	\$3,752,381
4% LIHTC Equity	\$4,616,969		
LIFT	\$4,590,000		
Non-OHCS Sources:			
SDC Waiver	\$625,000		
Deferred Development Fee	\$41,838		
	TOTALS: \$14,673,807		

Bond Structure:

The total tax-exempt conduit bond amount is \$7,300,000, of which \$2,500,000 will be short-term and used for construction; KeyBank National Association will be the construction lender. KeyBank National Association will be the permanent lender through the Freddie Mac TEL product.

Scope of Work:

Claxter Crossing Apartments is designed to be eight, 3-story, garden-style, residential buildings, and will include 102 units (including one manager's unit) with a mix of sixty-six 2-bedroom, and thirty-six 1-bedroom units. The basic construction will be concrete slab foundation, wood frame, hardi-style fiber cement lap siding, and pitched roofs with composition asphalt shingles.

Developer Fee:

The Developer fee is \$1,200,000, which is 9.81% of total project costs calculated as total developer fee divided by total project costs less acquisition, developer fee, and capitalized reserves. This is below the OHCS maximum of 12%. The Developer is deferring \$41,838, and it will be repaid within the first year of operation.

Tenant Relocation:

New Construction, Not Applicable

Affordability Restrictions:

Unit Type:	# Units	Income AMI%	Rent AMI %
1 BR	36	60%	60%
2 BR	66	60%	60%

- 4% LIHTC restrictions and LIFT restrictions

Income:

OHCS – LIHTC and LIFT commitment is for 102 units at 60% AMI Income and Rents. There are no other restrictions being overlaid on the property.

Operating Expenses:

Operating expenses of \$4,968 PUPA are acceptable and within OHCS guidelines.

Debt Coverage Ratio:

After the first full year of operations, the debt coverage ratio will be 1.38. The DCR complies with lender and investors minimum DCR requirements and underwriting criteria as a government-sponsored enterprise (GSE). The year 1 DCR is slightly higher than OHCS' acceptable range of 1.15 to 1.30; however, this is mitigated by reason that the annual operating expenses could increase to \$5,200 PUPA and still be within OHCS guidelines. This increase would decrease the year 1 DCR to 1.30 and would be within OHCS' acceptable range. DCR at first full year of operations: 1.38 DCR at year 20: 1.50 DCR at year 30: 1.45

Location Amenities:

Claxter Crossing Apartments will be located on Claxter Court NE, which is a lightly trafficked residential road, which intersects with Hyacinth Street NE approximately 0.1 mile from the Subject site. The Subject site is located in a mixed-use neighborhood surrounded by commercial/retail uses, houses of worship, and multifamily developments.

Services in proximity to subject property:

- Salem Health Urgent Care – 4.7 mi
- Hallman Elementary School – 0.7 mi
- Claggett Creek Middle School – 3.2 mi
- McKay High School – 1.5 mi
- Northgate Park – 1.9 mi
- Safeway – 2.3 mi
- Transit stop – 0.1 mi
- I-5 – 0.4 mi
- Police – 2.4 mi
- Fire – 2.6 mi

Resident Services:

Claxter Crossing Apartments will include resident services through their partnership with NEDCO including Financial literacy and asset building classes, coaching, and tools/resources.

The following additional resident services will be promoted:

Employment Services

- Local Employment Services (i.e. WorkSource)
- Continuing education programs and training opportunities (i.e. Community Colleges)
- One day events about new employment opportunities

Adult Education and English as a Second Language

- Adult Education and ESL Courses
- The Benefits of Attending a Community College
- FASFA application support for residents/students
- Identify and promote youth athletic opportunities
- Coordinate with Big Brothers Big Sisters Program, helping parents add children to waiting list for a mentor

- Identify and promote youth employment program opportunities, specifically during summer

Community Safety and Crime Prevention Services

- Identify and promote community safety and crime prevention events
- Share information and resources to residents regarding how to make units crime-resistant

Financial Literacy and Assistance Services

- Identify and promote free or low-cost financial Literacy classes and events
- Identify and promote free or low-cost free tax preparation services and financial planning programs
- Identify and promote free websites and mobile applications focused on financial management

Health and Fitness

- Identify and promote low-cost gym memberships and “silver sneakers” programs
- Identify and promote adult sports programs, leagues and clubs
- Identify and promote free and low-cost gardening and cooking classes

Child Care, After-School and Youth Services

- Identify and promote nearby child care and after-school programs
- Promote free community events geared to families and children

Amenities:

Unit Amenities will include:

- Dishwasher
- Microwave
- Range
- Refrigerator
- Quartz Countertops
- Metal entry doors
- Double paned windows

Project Amenities will include:

- On-Site Office
- Sport Court
- Playground
- BBQ Area
- Courtyard
- Community Room
- Laundry Room
- Free In-Building Wi-Fi

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Date July 12, 2019

To: Housing Stability Council
Margaret Solle Salazar, Director

From: Samuel Brackeen IV, Loan Officer
Casey Baumann, Underwriting Manager
Julie V. Cody, Assistant Director Housing Finance

RE: 124TH & ASH

MOTION: Move to approve Pass Through Revenue Bond in an amount up to and not to exceed \$14,887,178 to 124TH AND ASH LIMITED PARTNERSHIP for the construction of the project known as 124th & ASH, subject to the borrower meeting OHCS and NOAH's underwriting and closing criteria, documentation satisfactory to legal and State Treasurer approval of the bond sale.

Overview and Location:

The site was purchased by Reach Community Development Inc. from Tri-County Metropolitan Transportation (TRI-MET) for the purchase price of \$1,800,000 and closed in February of 2018. The property totals 175 units on a 1.31- acre site at 12370 SE Ash Street in Portland, Multnomah County, Oregon. 124th & Ash will have seventy-nine studios, eighty-one 1 bedrooms, and fifteen 2 bedroom units, a community space, central courtyard, four offices for support staff with 43 parking spaces. The target population is households at or below 60% MFI.

Funding History:

The project was awarded LIFT in April 2019. Other OHCS sources include 4% LIHTC, OAHTC, and OMEP. Pass through revenue bonds are recommended as a requirement of the 4% LIHTC federal program.



Funding Context:

The project uses noncompetitive 4% LIHTC resources, Conduit Bonds, LIFT funds, and OAHTC. The competitive LIFT funds help align with OHCS statewide housing priorities by creating a large number of new affordable housing units to serve low income Oregonian households and serving communities of color.

Project Sponsor and Partnership:

REACH developed its first LIHTC project in 1994 and has now stewarded seven projects through Year 15 exits. REACH currently controls twelve active tax credit partnerships in Oregon and Washington and nine HUD “Single Asset Entities” in Oregon.

Management Agent:

REACH has managed properties since 1982 and is guided by the values of sustainability, integrity, innovation, collaboration and excellence. As a wholly-owned subsidiary of REACH Community Development, Inc., REACH Property Management LLC manages a portfolio of over 2,300 units for 30 ownership entities. The managed portfolio includes properties financed with Low Income Housing Tax Credits, tax-exempt bonds, HOME, as well as other sources of funds provided by federal, state, and local governmental bodies.

REACH Property Management LLC provides full-service property management, ensuring the fiscal and physical integrity of the portfolio. As an integrated department of REACH, Property Management creates an environment for providing services to residents. They do this through collaborating with REACH’s resident services group, private social service agencies as well as public social service offices to help residents retain and succeed in their housing.

Notable Features:

- Located in the heart of East Portland, the site is in close proximity to public transit options, including frequent bus service and the MAX light rail.
- Central courtyard scheme of 13,000 SF, affording beneficial air and light access to each unit and helping to foster a strong sense of community.

- Energy Star appliances, low flow plumbing fixtures, LED lighting throughout, and direct ducting of fresh air to units.

Policy Priorities:

- **Equity and Racial Justice Priority**

- **Community Demographics**

This project will specifically address the shortage of affordable housing for communities of color in East Portland. With rapid gentrification occurring East Portland, the neighborhood is in need of units that can be accessed by historically underserved communities of color. The census tract in which the project will be located is made up of 42.5% people of color, and 68.1% of households headed by a person of color here are renters and 41.9% of those households have an income under \$25,000, slightly under 30% of the area median income. This project will provide 53 units or 30% of the units restricted at or below 30% AMI (after OAHTCs applied) which will help these residents avoid displacement in a neighborhood at risk of gentrification.

- **Affirmative Fair Housing Marketing Strategies:**

124th & Ash will partner with Asian Health and Service Center (AHSC), which will serve as culturally specific partner for the project providing both referral and case management services. The mission of AHSC is to be the bridge between Asian and American culture and build harmonious communities.

REACH plans to translate application materials and host information sessions about the building in multiple languages including Spanish, Mandarin, Korean, and Vietnamese. Vacancies and wait list openings will be directly communicated to culturally specific partners based on the relationships.

- **Resident Services:**

124th Ash will also collaborate with Worksystems Aligned which will help growing minorities. The Aligned Partner Network (APN) connects the public workforce system and local agencies to provide a coordinated progression of services that help individuals move into career-track employment. APN is comprised of more than 20 agencies that share a vision for strategic alignment and responsiveness to the community.

REACH has developed a strong partnership with Asian Health & Service Center (AHSC) to incorporate culturally specific insights into our housing design, marketing, management, and service practice and AHSC will serve as our culturally specific partner for 124th & Ash, providing both referral and case management services to residents.

○ **Contracting, Diversity, Equity & Inclusion:**

REACH's commitment to inclusive communities extends to housing development projects. Working with general contractors to achieve at least a 20% participation in new construction and rehabilitation developments. The most recent Portland projects, REACH has targeted even higher goals by working with general contractors who have made a commitment to mentor MWESB subcontractors, achieving well over 20% MWESB subcontractor participation. They also commit to keeping up to date information around each project to ensure that they continue to exceed goals:

HARD COSTS:							
Project Name	Date Complete	# DMWESB contracts awarded	Total contracts awarded	% DMWESB awarded	DMWESB hard costs	Total hard costs	% DMWESB hard costs
Gray's Landing	Nov-12	43	150	29%	\$ 9,680,170	\$ 33,380,000	29%
Gilman	May-15	22	51	43%	\$ 4,488,745	\$ 9,758,468	46%
Bronaugh	Jun-16	10	32	31%	\$ 1,891,274	\$ 6,882,250	27%
72Foster	Feb-19	8	12	67%	\$ 6,179,556	\$ 16,272,959	38%
TOTAL		83	245	34%	\$ 22,239,745	\$ 66,293,677	34%

For 124th & Ash, REACH has committed to achieve at least 20% MWESB participation in contracting, being conscious of a primary goal as a cost containment project while underlining our commitment to inclusive communities. With years of experience engaging a range of communities to create economic opportunities, Walsh Construction will lead the contracting process with support from the development team who also suggest a variety of MWESB firms to include in our early outreach efforts. With this concerted team effort and desire to engage MWESB subcontractors in the design process itself, REACH already has MWESB trade partners on board in major scopes including site concrete, siding, doors and hardware, painting, cabinets, electrical, low voltage, and the radon system. Currently, they are tracking at 23% MWESB participation for the project as they move towards final bids with other subcontractors still to be selected.

- **Homelessness Priority**
 - REACH will be providing 30% of the units at 30% AMI (53 of 175 units) (OAHTC Pass-through), expanding options for residents with lower incomes and promoting housing retention.
 - There are no Project-based Rent Vouchers
- **Affordable Rental Housing Priority**
 - Providing 175 units of new affordable housing.
- **Rural Communities Priority**
 - Not applicable
- **Permanent Supportive Housing**
 - While REACH will be providing 30% of the units at 30% AMI, there is no additional operating subsidy in the project to facilitate PSH units.
- **Homeownership**
 - Not applicable

Risks and Mitigating Factors:

Risk-The development conforms to OHCS underwriting standards and there are no exceptions to normal underwriting practices, policies or guidelines.

The pages that follow will provide more technical details on the proposed project.

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Oregon

Governor Kate Brown

Housing and Community Services

North Mall Office Building
725 Summer St NE, Suite B
Salem, OR 97301-1266
PHONE: (503) 986-2000
FAX: (503) 986-2020
TTY: (503) 986-2100
www.ohcs.oregon.gov

Project Detail: 124th & Ash

Project Sponsor: REACH COMMUNITY DEVELOPMENT, INC

Property: 124TH AND ASH
12370 SE ASH ST
PORTLAND, OR 97233

Owner: 124TH AND ASH LIMITED PARTNERSHIP

Description: 175 units of public housing with one site and one building.

Affordability:

Funding Source	# Units	% Income	% Rents	# Years
LIHTC/BOND	175	60	60	30
LIFT	175	60	60	60

Target Population: Individuals and families at or below 60% MFI.

Environmental Review: A Phase I and Phase II environmental reviews were completed and no immediate recognized environmental conditions on the site.

Finance Committee Approval: OHCS Finance Committee Reviewed and Approved this Project to be Recommended to the OHCS Director and the Housing Stability Council on June 25, 2019

Summary:

124th & Ash is composed of 175 units of housing in Portland's Hazelwood neighborhood. Using the data from the Portland Housing Bureau's (PHB) 2018 State of Housing Report Data System, the project's location, which has a higher concentration of communities of color, is disproportionately affected by lower incomes and higher rates of poverty in comparison to the metro area as whole.



Financing Structure:

Construction Lender: Bank of America

Permanent Lender: Network of Affordable Housing (NOAH)

General Contractor: Walsh Construction Co.

Equity Investor: Bank of America

<u>SOURCES</u>		<u>USES:</u>	
OHCS Sources:			
Tax Exempt Bonds Long Term	\$9,720,000	Acquisition	\$1,541,257
Tax Exempt Bonds (Short Term)	\$5,167,178	Construction	\$20,647,152
Tax Exempt Bonds (Short Term)	(\$5,167,178)	Development	\$6,309,526
4% LIHTC Equity	\$10,352,192		
LIFT	\$7,785,000		
Non-OHCS Sources:			
Energy Trust of Oregon	\$17,055		
Meyer Memorial Trust	\$500,000		
OMEF	\$33,688		
	TOTAL: \$28,497,935		

Bond Structure:

The total tax-exempt conduit bond amount is \$14,887,178 of which \$5,167,178 will be short-term, used for the construction of the project and the remaining \$9,720,000 will be long-term debt. NOAH will be the construction and permanent lender.

Scope of Work:

The construction will be reinforced concrete foundation, wood frame, fiber cement siding, and pitched roofs with composition asphalt shingles. Construction will cost \$117,983.73 per unit (291.40 per sq. ft.).

Developer Fee:

Total Developer Fee is \$1,775,000 and there is no deferred developer fee.

- The developer fee is 7% of total project costs, which is below the OHCS allowed maximum of 12%.

Tenant Relocation:

New Construction, Not Applicable

Affordability Restrictions:

Unit Type:	# Units	Income AMI%	Rent AMI %
0 BR	79	60%	60%
1 BR	81	60%	60%
2 BR	15	60%	60%

Income:

The 4% LIHTC and LIFT restrictions are 60% AMI for all 175 units. There are no other restrictions overlaying on this project.

Operating Expenses:

Annual operating expenses of \$4,895 (PUPA) and is acceptable and within OHCS guidelines.

Debt Coverage Ratio:

The year 1 DCR is within OHCS guidelines of 1.15 -1.30. OHCS anticipates NOAH will refinance after 20 years.

- DCR at first full year of operations: 1.21
- DCR at year 20: 1.24
- DCR at year 30 (Without OAHTC): 1.63

Project Schedule:

- Target construction close date: 07/2019
- Construction completion: 10/2020
- Construction period anticipated to be 15 months

Location Amenities:

- Hospital – 1.7 mi
- Elementary School – 0.9 mi
- Middle School – 1.1 mi
- High School – 1.2 mi
- Park – 0.6 mi
- Market – 1.0 mi
- Transit stop – 0.5 mi
- Highway or major street – 0.0 mi
- Police – 1.3 mi
- Fire – 5 mi

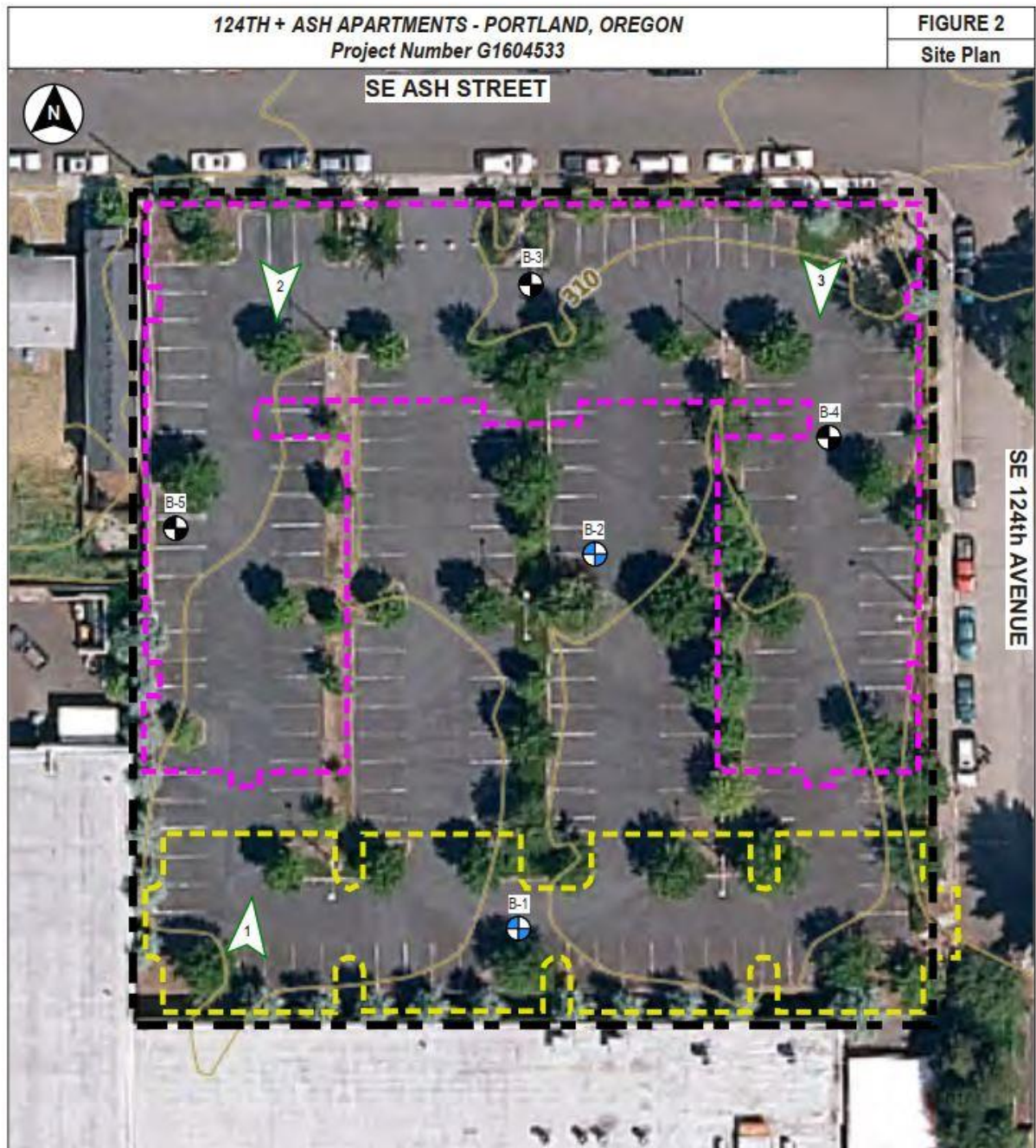
Resident Services:

AHSC will provide culturally specific Health Navigators, mental health counseling, and translation services. REACH also has a MOU with the Worksystems APN to promote career training and development.

- Career coaching and mapping, access to employment services provided through Worksystems, Inc. This program combines group classes, homework assignments, and individual coaching to help residents achieve their short and long-term financial goals
- Matched Savings Program Individual Development Accounts (IDAs) with REACH's Economic Empowerment Coordinator
- Financial Education Classes: "Budget, Buy & Save": A basic financial education course for adult residents teaching the fundamentals of money management, budgeting and credit.
- Youth\$ave (financial education for youth ages 9-18)
- Employment and training services offered at Worksystems

Amenities:

- The courtyard will be the focus of the project and will be landscaped to suit multiple uses. The common area will have access to the courtyard to accommodate an indoor/outdoor gathering space.





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www.ohcs.oregon.gov

Date July 12, 2019

To: Housing Stability Council
Margaret Solle Salazar, Director

From: Rick Abrego – Loan Officer
Casey Baumann – Underwriting Manager
Julie V. Cody – Assistant Director Housing Finance

RE: Montebello Bienestar Apartments

MOTION: Move to approve Pass Through Revenue Bond in an amount up to and not to exceed \$7,250,000 to Montebello Bienestar Apartments Limited Partnership for the acquisition and rehabilitation of the project known as Montebello Apartments, subject to the borrower meeting OHCS, Banner Bank's underwriting and closing criteria, documentation satisfactory to legal counsel and State Treasurer approval of the bond sale.

Overview and Location:

Bienestar Inc. is rehabilitating the Montebello Apartments. This is a Housing Preservation Project located in Hillsboro, Oregon. The Montebello Apartments are a four Building, 3-story project. Units are comprised of 24 two-bedroom units, 21 three-bedroom units and 4 four-bedroom units. The project was completed and placed in service on January 1, 1999. The sponsor has identified \$7,297,960 in needed repairs and/or updates to the property that will ensure its longevity. The target population is families and individuals at or below 60% AMI.



Funding History:

In November of 1997, Montebello Apartments were awarded Low Income Housing Tax Credits (LIHTC) and Oregon Affordable Housing Tax Credits (OAHTC). The project also received HOME funding from Washington County. Both the Washington County HOME and the OAHTC restrictions expired in 2018. The original LIHTC restrictions will expire in 2039. Pass through revenue bonds are recommended as a requirement of the 4% LIHTC federal program.

Funding Context:

Sponsor applied for noncompetitive 4% LIHTC resources and Conduit Bonds in October 2018, the pre-application was accepted in November 2018. Full 4% LIHTC and Conduit Bond application was accepted in March of 2019. Sponsor applied for Lottery Back Bond (LBB) Preservation 2018 NOFA #5006 and received a reservation of funding for \$4,013,084.

The LBB Preservation funds are a competitive program made available to the OHCS portfolio projects. The funding is intended to preserve housing at risk of converting to market rate rents due to expiring federal contract or maturing or pre-payment eligible federal loans with at least 25 percent of the units are covered by federal project based assistance.

Project Sponsor and Partnership:

Bienestar Inc. is the Project Sponsor, and is located at the Montebello location. Since 1981, Bienestar's mission has been to build housing, hopes, and futures for the wellbeing of vulnerable residents of Washington County. Bienestar is a culturally specific developer that operates 12 multifamily properties for more than 500 family units, seven (7) rural properties and four (4) single family homes. Over 95% of the residents are Latino, and many are immigrants. Nine (9) of Bienestar's properties are restricted to farmworkers and their families. Bienestar builds the hard to find two- and three-bedroom affordable apartments that are crucial for a family with children, and particularly valuable to the Latino community.

OHCS and Bienestar previously cooperated in the original financing and construction of Montebello Apartments in 1997.

Housing Development Corporation (HDC) has developed over 30 projects since 1982. HDC Development Companies, LLC specializes in construction management and general contracting of commercial, senior and multifamily housing. The management team consists of highly qualified and knowledgeable project managers, job superintendents and office personnel, and they provide ongoing support after the project is complete and

assist in operations to help ensure its success. HDC's experience allows providing clients with expertise in development, market analysis, architect and site selection, construction and supervision. HDC ensures Equal Housing Opportunity for all and does not discriminate based on race, color and religion, sex, age, national origin, disability or familial status.

LMC General Contractor currently employs 94 full-time staff that focus entirely on management and project support. The office staff consists of five (5) Executives, eight (8) Project Managers, seven (7) Project Engineers, a Director of Preconstruction Services, an Estimator, a QA/QC manager, a Safety Director, a Warranty Manager, a Special Projects manager and an administrative support staff of seven (7). In the field, LMC currently employs two (2) senior superintendents, 25 superintendents & assistants, 10 foreman and 23 carpenters and laborers.

45% of LMC's full-time employees are female or minority. This includes members of the upper management team, office staff, field management staff and self-perform crews.

Notable Features:

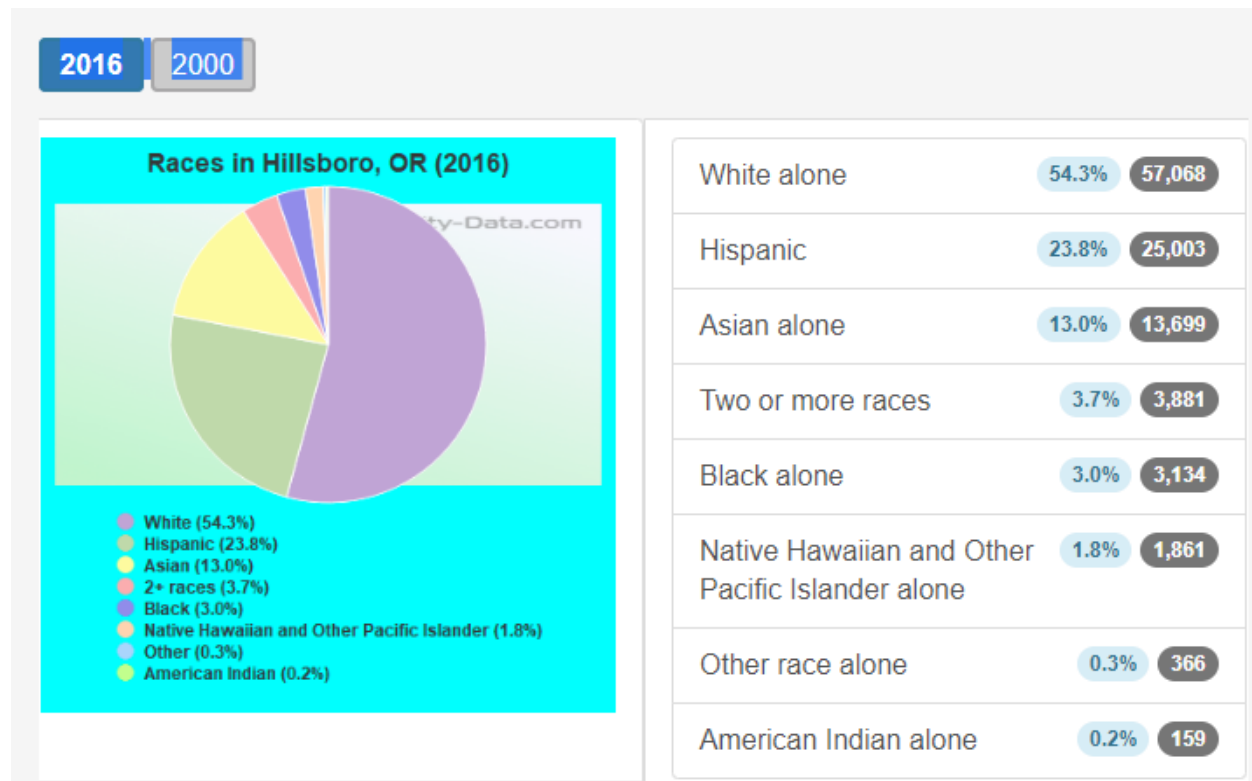
Montebello Apartments constructed in 1999 is located in the old downtown core of Hillsboro, the county seat of Washington County. Sited next to the 12th Avenue MAX station and near bus lines, Montebello is a connected and accessible property for farmworker families. The proximity to the vibrant, 10th Avenue Latino-owned small business district is an attractive feature for residents. Residents are also in easy walking distance to Tuality Hospital, the city library and aquatic center, and Shute Park. Bienestar's offices are in Montebello.

Policy Priorities:

- **Equity and Racial Justice Priority:**

- **Community Demographics:**

As of the census of 2010, there were 91,611 people, 33,289 households, and 22,440 families residing in the city. The population density was about 3,800 inhabitants per square mile. There were 35,487 housing units at an average density of about 1,500 per square mile. The racial makeup of the city was approximately 73% White, 2% African American, 1% Native American, 9% Asian, less than 1% Pacific Islander, 10% from other races, and 5% from two or more races. Hispanic or Latino of any race were about 23% of the population.



The census tract itself is even more diverse, with 75.9% of the residents being people of color. Of those people of color, 83.8% of households are renters and 51.9% of households have an income of \$25,000 or less, which is slightly under 30% of area median income. The tract is identified as a high risk of gentrification by the Vulnerable to Gentrification index in the 9% LIHTC scoring, and this housing will help low-income families of color avoid displacement.

- **Commitment to Equity:**

Since inception, Bienestar has unwaveringly served Washington County's Latino farmworkers, seniors and working poor families. Bienestar's deep commitment to Diversity, Equity and Inclusion is reflected in their mission, culturally/linguistically relevant services and affordable housing properties. Programs such as the Promotores Program, which train residents to become community leaders assisting and guiding their neighbors, was developed to meet the unique needs of the resident population. They developed an advocacy campaign, 'Dreamers of Oregon: Out of the Shadows,' which has given a face to those living through the DACA roller-coaster ride. Their Articles of Incorporation/Bylaws require a minimum 33% of governing Board be low-income community members and empowers members to elect the officers of the Board. All meetings of the board and membership are conducted bilingually. Currently, 53% of the Board are

Latino, including the Vice-President. Among staff, 62% are Latino and the majority are female. Bienestar is dedicated to providing bilingual, bicultural services and to building housing in a way that is culturally responsive and supportive of their residents. 67% of staff is fluent in both Spanish and English and 53% are Latino, some from farmworker families.

○ **Affirmative Fair Housing Marketing Strategies:**

Bienestar pledges to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the nation. Bienestar encourages and supports an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, familial status or national origin

○ **Resident Services:**

Services are provided to Montebello residents through two primary means. First, is the Promotores program: a group of residents who receive special leadership and advocacy training. Promotores connect residents to a variety of services that help to increase affordable housing stability.

Secondly, Bienestar offers programs designed to promote personal asset building, such as IDAs, Rent Reporting, and Homeownership and Financial Capabilities counseling. Further, Bienestar staff assist with and run several summer programs designed to help residents be active and engage with nature. Partnerships with Audubon Society, the Oregon Zoo, and Clean Water Services are in place to offer these programs at no charge to the residents.

Bienestar has MOU'S/ service agreements with the following agencies.

- National Association for Latino Community Asset Builders: Rent Reporting for Credit Building.
- African American Alliance for Homeownership: Homeownership and Financial Capabilities
- Audubon Society: Summer Camps and Day Trips
- Clean Water Services: Summer Nature Walks
- Oregon Zoo/ZAP: Zoo to You and Summer Activities
- CASA: Individual Development Accounts

○ **Contracting, Diversity, Equity and Inclusion:**

General Contractor, LMC, will use an established, effective diversity plan to achieve a 30% targeted MWESB participation rate. LMC's diversity plan affirms LMC's strong commitment to diversity and establishes specific procedures aimed at ensuring equal opportunity and diversity in employment, contracting, operations and community relations. These procedures include performing intentional outreach to MWESB organizations, creating bid packages appropriate in scale and scope to MWESB organizations, and working with MWESB contractors to assure contracts are structured to support positive returns and healthy cash flow. These procedures have contributed to a workforce that maximizes MWESB participation and is reflective of the local community.

Since LMC started tracking MWESB participation on all of their projects (including projects with no requirement or aspirational goals):

- 76% have surpassed 20% MWESB involvement.
- 46% have reached 30% MWESB involvement or higher.
- 12% have surpassed 40% MWESB involvement

The following outlines the core actions that LMC will take to maximize participation from MWESB firms:

- Provide **Pre-bid outreach** to the community to prepare them for the upcoming bid opportunities and offer support to any firms interested in getting involved
- Partner with local **membership groups** to include their resources and networking opportunities
- Utilize LMC's **network of** qualified MWESB & Section 3 firms that have experience in similar work
- Work with Northwest Housing Authority and PHB staff to **pool resources** and provide opportunities to their communities
- Create opportunities for **sub-tier contracts** by teaming up smaller contracting firms with larger
- Provide **Cash flow** assistance through an expedited payment process ahead of monthly project draws
- Provide **Prevailing Wage, Section 3 and Workforce Training** support and reporting guidance
- Advertise for all **employment opportunities** with local newspapers, community groups & apprenticeship programs.
- Partner with **community groups** and participate in community events to increase awareness of project

- Look for employment opportunities as work is broken down into **smaller portions** for subcontracting
- Allow for **on-the-job training** in order to include persons with minimal previous work experience

MWESB Participation on Recent LMC Projects

Shrunk Tower

- MWESB : 24.13 %

Teal II Portfolio

- MWESB : 27.04%

72 Foster

- MWESB : 38.81%

Miracles Central

- MWESB : 28.86%

Teal I Portfolio

- MWESB : 24.13 %

Gladstone Square & Multnomah Manor

- MWESB : 49.12%

Hawthorne East

- MWESB : 35.67%

Otesha Place

- MWESB : 47.11%

Homelessness Priority: N/A

Permanent Supportive Housing Priority: N/A

Homeownership Priority:

- Bienestar will provide programs designed to promote personal asset building, Homeownership and Financial Capabilities counseling.

Rural Community Priority: N/A

Affordable Rental Housing Priority:

- The renovation work included in the scope of work will help ensure the supply of affordable housing will maintain these critical units for future families. Affordable rental housing is in short supply in Washington County. Though these units are currently in the total supply, completing the necessary work will increase the longevity of these properties and help maintain the supply.
- This project also connects to the Statewide Housing Plan strategy to prioritize transit access; sited next to the 12th Avenue MAX station and near bus lines, Montebello is a connected and accessible property for farmworker families.

Risks and Mitigating Factors:

This development conforms to all OHCS underwriting standards. This project is the first major renovation for Montebello Bienestar apartment since original construction. While the CNA has been complete and is extensive, not all potential rehabilitation needs could be fully identified until work begins on subject property. Sponsor is aware and has planned appropriately for contingencies on the project. OHCS Staff is comfortable with current underwriting.

The pages that follow will provide more technical details on the proposed project.



MONTELBELLO BIENESTAR APARTMENTS

Project Sponsor: BIENESTAR INC

Property: MONTELBELLO APARTMENTS
220 SE 12TH AVE
HILLSBORO, OR 97123

Owner: MONTELBELLO BIENESTAR APARTMENTS LIMITED PARTNERSHIP

Description: Acquisition and Rehabilitation of 49 units in four 3-story buildings. Units are comprised of 24 (2) Bdrm Units, 21 (3) Bdrm Units and 4 (4) Bdrm Units

Affordability:

Funding Source	# Units	% Income	% Rents	# Years
LIHTC/Bond	49	60	60	30

Target Population: Families and individuals at or below 60% MFI

Environmental Review: A Phase 1 environmental review was completed and there are no recognized environmental conditions or issues on the site.

Finance Committee Approval: OHCS Finance Committee Reviewed and Approved this Project to be Recommended to the OHCS Director and the Housing Stability Council on June 25, 2019

Summary:

Montebello Bienestar Apartments is Housing Preservation Project located in Hillsboro, Oregon. The Montebello Apartments contains 49 units in four 3-story buildings. Units are comprised of 24 (2) Bdrm Units, 21 (3) Bdrm Units and 4 (4) Bdrm Units. The project was completed and placed in service January 1, 1999.

The scope of work for the rehabilitation of subject property includes major system(s) replacement and seismic upgrades. This project will utilize 4% low income housing tax credits (LIHTC) to generate equity, Lottery Backed Bond Preservation funds

Financing Structure:

Construction Lender: **Banner Bank**

Permanent Lender: **Banner Bank**

General Contractor: **LMC Construction**

Equity Investor: **Boston Financial Investment Management, LP**

Project Financing:

SOURCES:		USES:	
OHCS Sources:			
Tax Exempt Bonds (Long Term)	\$2,774,996		
Tax Exempt Bonds (Short Term)	\$4,475,004	Acquisition	\$1,232,004
Short Term Use of Bonds	(\$4,475,004)	Construction	\$7,297,960
4% LIHTC Equity	\$4,050,575	Development	\$3,984,106
Lottery Back Bonds	\$4,013,084		
Non-OHCS Sources:			
Home Loan Assignment	\$457,008		
Deferred Developer Fee	\$444,155		
Replacement Reserves	\$242,004		
Sellers Purchase Loan	\$439,248		
Energy Trust of Oregon	\$18,000		
Income through Operations	\$75,000		

TOTAL Sources and Uses: \$12,514,070

Bond Structure:

The total tax-exempt conduit bond amount is \$7,250,000 of which \$4,475,004 will be short-term, used for the acquisition and rehabilitation or construction of the project and the remaining \$2,774,996 will be long-term debt. **Banner Bank** will be the construction and permanent lender.

Scope of Work:

Subject property consists of four buildings for acquisition and rehabilitation of 49 units in four 3-story buildings. Units are comprised of 24 (2) Bdrm Units, 21 (3) Bdrm Units and 4 (4) Bdrm Units. The Capital Needs Assessment (CNA) strongly supports the need for immediate repairs of the envelope and three major systems within the next two years. It also clearly outlines health, safety and habitability concerns due to the need to replace at least 90% of the decks

and walkways. Almost 70% of the construction budget is concentrated on critical repairs, as evidenced by the conceptual cost estimate. The cost of the rehabilitation also includes cost of relocation of tenants during construction.

Rehabilitation Cost per unit is \$152,642 (\$147.85 per square ft.) Costs are high for a rehabilitation project but due to the construction concentration of repairs associated with the envelope and major systems, the costs are acceptable to OHCS.

Subject property has 72 parking spaces, which is 1.46 per unit.

The scope of rehabilitation includes:

- Roof replacement including new sheathing, attic venting and attic insulation
- Building skin replacement including new siding, building wrap, sheathing and wall insulation
- New exterior windows and doors
- Replacement of front entrance stairs
- Replacement of back decks
- New domestic water lines and water-saving plumbing fixtures
- New LED lighting within unit interiors and along building exteriors
- New continuous exhaust fans and installation of ERV units
- Expand fire sprinkler system to protect elevated decks and walkways and replace existing heads
- Replacement of kitchen and bathroom cabinetry
- Replacement of unit flooring.
- Repaving sections of the parking lot, installing ADA-compliant parking spaces and reconfiguring site walkways to provide accessible entrances to community spaces.
- Upgrading two units to provide full accessibility and improving accessibility within community spaces

Developer Fee:

Total Developer Fee: \$1,291,140; 16.67% of total project costs less acquisition, developer fee and capitalized reserves. This is below the OHCS maximum of 20%.

- Deferred Developer fees: \$529,659; Deferred fee will be repaid within the first 11 years of operation
- Cash Developer fee: \$761,481

Tenant Relocation:

Relocation is scheduled to begin on September 7, 2019. The current assumption is to temporarily relocate a building at a time for eight weeks each. The final building is scheduled to reoccupy on February 28, 2020. Each building contains 12 units. Phase I - 61 tenants, Phase

II – 59 tenants, Phase III – 49 tenants, and Phase IV – 48 tenants.

Sponsor will offer both Extended Stay Hotel options with full kitchens and master lease 2 and 3 bedroom apartments in the submarket which will be used as temporary relocation units. Household sizes range from 3-8 people. The largest households in 3 and 4 bedroom units will be provided 3 bedroom temporary units. The 2 bedroom units will be given an option to stay at the hotel or 2 bedroom apartments based on the household size and need.

The temporary locations which accept corporate lease agreements are located within 7 miles of Montebello. All are located directly on transit. Although the relocation options are not located directly within the school district, Sponsor has arranged with the school district to provide bus service for children from their temporary relocation to school during construction.

Affordability Restrictions:

Unit Type:	# Units	Income AMI%	Rent AMI %
2 BR	24	60%	60%
3 BR	21	60%	60%
4 BR	4	60%	60%

Income:

4% LIHTC and LBB Preservation Restrictions:

- All current residents are at or below 50% AMI. The project is currently restricted by prior Low Income Housing Tax Credits (LIHTC) executed in November 1997 through 2039 after which the new LIHTC Extended Use Agreements with OHCS will be at or below 60% AMI through 2051.

Operating Budget:

There will be a total of 49 units that will be restricted to 50% MFI for 20 years to 2039, which is the remaining LIHTC restriction for previous REUA dated November 05, 1997. After which the newly executed REUA dated July 18, 2019 restriction of 60% will be in effect until 2051.

Operating Expenses:

The annual operating expenses will be \$301,658 yielding a \$6,156 PUPY.

- The total concluded expenses (while higher than OHCS guidelines) for the subject property, is supported by the Market analysis.

Debt Service Coverage Ratio (without OAHTC):

The DCR presented to OHCS is within OHCS guidelines and are based on OHCS, lender and investor underwriting principles. OHCS anticipates Bienestar will refinance the debt after year 20.

- First full year of operations: 1.29
- DCR at year 15: 1.35
- DCR at year 20: 1.34
- DCR at year 30: 1.23

Location Amenities:

12th Ave. MAX Station	Less than a block north of subject property
Elementary School	.06 miles from property
Middle School	3.1 miles from property
High School	2.6 miles from property
3 area parks	Within 1 miles from property
Tuality Hospital	.05 miles from property
Police Station	0.2 miles from property

Resident Services:

Services will be provided to Montebello residents through two primary means. First, is the Promotores program: a group of residents who receive special leadership and advocacy training. Promotores connect residents to a variety of services that help to increase affordable housing stability. Such as: ESL, GED, and emergency rental assistance programs.

Secondly, Bienestar offers programs designed to promote personal asset building, such as: IDAs, Rent Reporting, and Homeownership and Financial Capabilities counseling. Further, Bienestar staff assist with and run several summer programs designed to help residents be active and engage with nature. Partnerships with Audubon Society, the Oregon Zoo, and Clean Water Services are in place to offer these programs at no charge to the residents

Bienestar has MOU'S/ service agreements with the following agencies.

- National Association for Latino Community Asset Builders: Rent Reporting for Credit Building.
- African American Alliance for Homeownership: Homeownership and Financial Capabilities
- Audubon Society: Summer Camps and Day Trips
- Clean Water Services: Summer Nature Walks

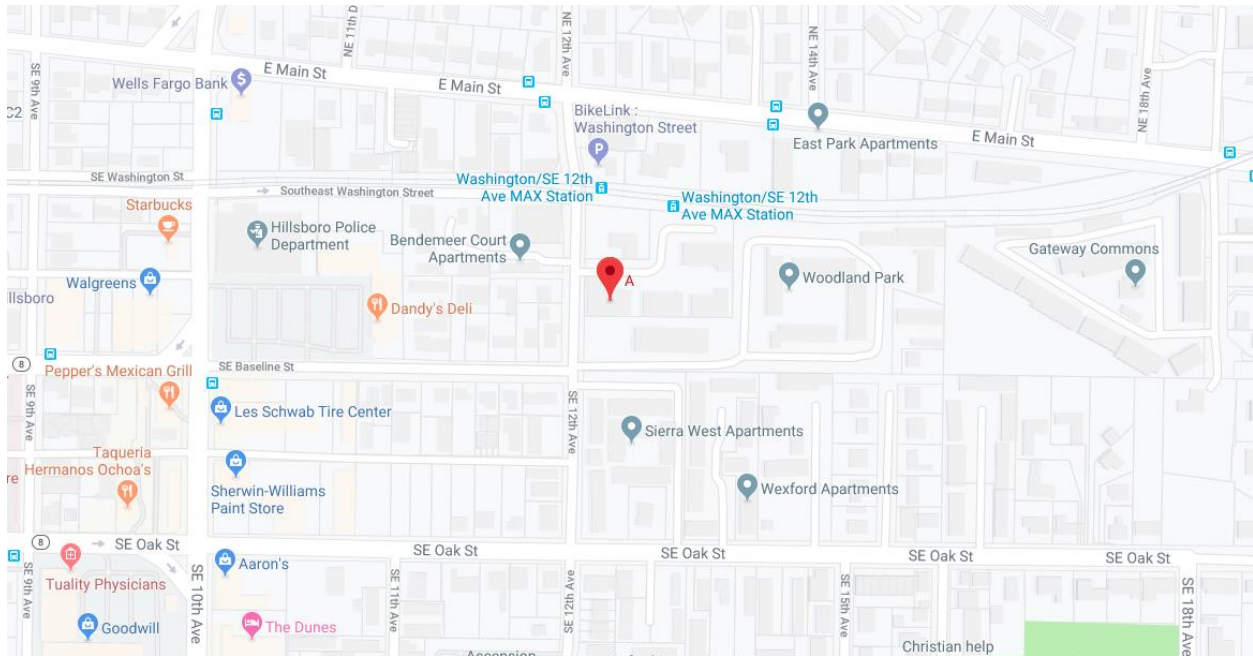
- Oregon Zoo/ZAP: Zoo to You and Summer Activities
- CASA: Individual Development Accounts

Amenities:

- Smoke free family sized units
- Onsite laundry facilities
- Playground with play structures
- Clubhouse

The pages that follow will provide pictures of proposed project.

Exhibit A
MONTEBELLO APARTMENTS







Oregon

Governor Kate Brown

Housing and Community Services

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Salem, OR 97301-1266
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TTY: (503) 986-2100
www.ohcs.oregon.gov

Date: July 12, 2019

To: Housing Stability Council Members
Margaret Solle Salazar, Director

From: Tai Dunson-Strane, Tax Credit Program Manager
Natasha Detweiler-Daby, Senior Housing Finance Policy and interim Program Manager
Julie V. Cody, Assistant Director Housing Finance

RE: 2019 LIHTC and HOME Project Recommendations

Motion: To approve the funding reservation of the following resources,

- Applegate Landing in Lebanon, \$885,000 in Gap and HTF, and \$1,855,000 in HOME
- Bridge Meadows in Redmond, \$1,867,125 in Gap and HTF, \$1,029,010 in HOME, and \$93,015 in MEP
- Carnelian Place & Phoenix Crossing in Bend, \$1,627,500 in Gap and HTF, \$1,000,000 in HOME, and \$17,640 in MEP
- Colonia Paz I in Lebanon, \$500,000 in Gap and HTF, and \$2,759,915 in HOME
- Going 42 in Portland, \$2,294,750 in Gap and HTF, and \$69,293 in MEP
- Mary Ann in Beaverton, \$2,208,029 in Gap and HTF, and \$147,312 in MEP
- Oregon City Terrace in Oregon City, \$700,000 in Gap and HTF
- Patriot Heights in Stanfield, \$610,000 in Gap and HTF, and \$1,148,000 in HOME
- Rogue Valley Apartments in White City and Eagle Point, \$700,000 in Gap and HTF, \$500,000 in HOME and \$42,442 in MEP
- Rose Bowl in Portland, \$1,100,000 in Gap and HTF
- Snowberry Brook II in Ashland, \$750,000 in Gap and HTF, and \$750,000 in HOME

At the upcoming meeting on July 12th, you will be asked to approve funding recommendations for the 2019 HOME and 9% Low Income Housing Tax Credit NOFAs. The Department received 19 responses to the NOFAs, and the applications have gone through a rigorous internal and external scoring process prior to being recommended to you for approval. At the Housing Stability Council meeting, staff will provide Council with a thorough policy performance review of key elements within the application process from this year as well as trends over time.



The attached list provides the full list of projects that applied and are being recommended. The project summary report that follows are grouped by region and provide a high level narrative overview of each project.

Funding in Context:

Gap and Housing Trust funds: As you may recall, in [January 2019](#), Housing Stability Council approved a framework for the Gap funds in these NOFAs to be used in conjunction with National Housing Trust Fund (HTF) resources, to leverage the creation of Extremely Low Income (ELI) units. As such, the NOFA allows OHCS to choose to fund a project's HTF request with Gap resources if HTF were over-subscribed. The HTF resources were over-subscribed so staff will prioritize streamlining funding efforts by placing the HUD HTF resources in projects that already are using HUD HOME funds, and will allocate sufficient Gap resources to fill the HTF shortfall. Projects were able to successfully serve ELI households, largely by leveraging project based rent assistance. As can be seen in the project list, 231 of the 636 recommended units will be able to serve ELI households earning 30% area median income or less.

9% LIHTC: OHCS forward allocates 9% LIHTC; so in this 2019 NOFA we are reserving anticipated 2020 9% LIHTC resources. The NOFA included \$11.2 million in 9% federal tax credits; we were able to add resources to that based on prior year unexpended resources as well as an increase in anticipated allocation. These resources totaled an additional \$1.1 million in credits. By fully obligating all 9% LIHTC resources, Oregon is able to access "national pool" resources; this national pool is the redistribution of all state unallocated resources, the amount fluctuates annually. In order to not leave a portion of credits on the table, OHCS chose to pool all remaining credits associated with the short term LIHTC increase that was included in the federal tax reform bill and commit them in this offering, which is forward allocating the final year of the 50% LIHTC increase. By doing so, we have ensured our ability to access national pool, and were also able to recommend reserving resources to an additional rural project. In total, our funding recommendations included the reservation of \$13.8 million 9% LIHTC.

Motion Overview:

In the above motion, we are asking Housing Stability Council to approve the reservation of resources consistent with established Oregon Administrative Rules¹ in cases where the state loan and grant investment is equal to or greater than \$1,000,000, more than half of a total development budget, or outside agency policy standards. In addition, HUD sources (HOME and Housing Trust Fund) require visibility and are called out in motions. Housing Stability Council does not have approval authority over tax credit program resources, such as the 9% LIHTC so those resources are not included in the above motion.

Please note that one project, River Road Affordable Housing, is not included in the above motion because the gap fund requests did not meet the minimum threshold for requiring Housing Stability Council approval.

While we are asking Housing Stability Council to approve the reservation of the OHCS loan and grant resources that meet the established guidelines, given that projects apply for resources early on in the development process, we are not able to provide more detail on final finance structures other than to confirm that they will fall within established financial policies and practices as documented in the OHCS Qualified Allocation Plan, General Guidelines Manual, and Program Manuals.

¹ <https://secure.sos.state.or.us/oard/viewSingleRule.action?ruleVrsnRsn=239530>

LIHTC: Metro Region

Funding Recommendation?	Project Name	City	County	Sponsor	GAP / HTF \$	HOME \$	9% LIHTC	OAHTC \$	MEP \$	TOTAL COSTS	Units	Preservation?	#PBA	TYPE OF PBA	≤ 80%	≤ 60%	≤ 50%	≤ 40%	≤ 30%	N/A
Yes	Going 42	Portland	Multnomah	Community Development Partners	\$2,294,750	\$0	\$1,420,000	\$0	\$69,293	\$19,144,348	55	N	0		0	0	14	22	0	19
Yes	Mary Ann, The	Beaverton	Washington	REACH CDI	\$2,208,029	\$0	\$1,200,000	\$1,790,000	\$147,312	\$21,522,761	54	N	8	Local HA	0	0	16	8	19	11
Yes	Oregon City Terrace	Oregon City	Clackamas	RPH Corporation	\$700,000	\$0	\$1,188,277	\$1,500,000	\$0	\$14,466,915	18	Y	47	HUD Sec 8	0	0	45	0	0	3
Yes	Rose Bowl	Portland	Multnomah	Cascadia Housing Inc	\$1,100,000	\$0	\$1,770,000	\$3,000,000	\$0	\$22,085,731	71	N	18	Mult Co	0	0	63	3	0	4
No	Harvey Rice Heritage	Portland	Multnomah	Sabin CDC	\$743,000	\$0	\$1,690,056	\$0	\$21,945	\$21,240,760	57	N	9	HUD Sec 8	0	2	48	7	0	X
Total Recommended Metro					\$6,302,779	\$0	\$5,578,277	\$6,290,000	\$216,605		228		73		0	0	138	33	19	37

LIHTC; Non-Metro PJ Region

Funding Recommendation?	Project Name	City	County	Sponsor	GAP / HTF \$	HOME \$	9% LIHTC	OAHTC \$	MEP \$	TOTAL COSTS	Units	Pres?	#PBA	TYPE OF PBA	≤ 80%	≤ 60%	≤ 50%	≤ 40%	≤ 30%	N/A
Yes	River Road Aff Hsg	Eugene	Lane	St Vincent de Paul	\$700,000	\$0	\$1,177,000	\$475,000	\$0	\$14,071,091	53	N	0		0	0	0	47	0	5
				Total Recommended non-Metro PJ	\$700,000	\$0	\$1,177,000	\$475,000	\$0	\$14,071,091	53		0		0	0	0	47	0	5

LIHTC; Balance of State Region

Funding Recommendation?	Project Name	City	County	Sponsor	GAP / HTF \$	HOME \$	9% LIHTC	OAHTC \$	MEP \$	TOTAL COSTS	Units	Pres?	#PBA	TYPE OF PBA	≤ 80%	≤ 60%	≤ 50%	≤ 40%	≤ 30%	N/A
Yes	Applegate Landing	Lebanon	Linn	Applegate Landing LLC	\$885,000	\$1,855,000	\$1,004,600	\$0	\$0	\$11,769,575	48	N	1	HUD Sec 8	0	0	31	11	0	5
Yes	Bridge Meadows Redmond	Redmond	Deschutes	Bridge Meadows	\$1,867,125	\$1,029,010	\$1,200,000	\$0	\$93,015	\$17,768,022	36	N	8	Local HA	0	0	17	11	0	8
Yes	Carnelian PI & Phoenix Crossing	Bend	Deschutes	Housing Works	\$1,627,500	\$1,000,000	\$1,350,000	\$0	\$17,640	\$18,847,814	71	N	28	Local HA & VASH	0	0	0	43	0	28
Yes	Patriot Heights	Stanfield	Umatilla	Umatilla County Housing Authority	\$610,000	\$1,148,000	\$868,300	\$0	\$0	\$10,124,633	40	N	0		0	0	29	6	0	4
Yes	Rogue Valley Apts (3 sites)	White City; Eagle Point	Jackson	Chrisman Development Inc	\$700,000	\$500,000	\$1,375,000	\$1,625,000	\$42,442	\$16,883,048	76	Y	54	RD	0	0	67	3	0	3
Yes	Snowberry Brook II	Ashland	Jackson	Jackson County Housing Authority	\$750,000	\$750,000	\$1,225,000	\$0	\$0	\$16,289,736	60	N	25	Local HA	0	0	0	56	0	3
No	Colonia Paz II	Lebanon	Linn	Farmworker Housing Development Corp	\$2,248,000	\$500,000	\$1,728,561	\$0	\$0	\$20,500,720	60	N	0		0	0	56	3	0	X
No	East West Preservation Portfolio: (Meadowlark Ct; Jefferson Ct; Malheur Vlg)	Myrtle Creek; Madras; Vale	Douglas; Jefferson; Malheur	TimberRiver Development, Inc	\$700,000	\$500,000	\$1,639,732	\$0	\$0	\$18,257,065	92	Y	75	RD	0	0	85	1	0	3
No	Hood River Community Hsg	Hood River	Hood River	Columbia Cascade Housing Corp	\$870,000	\$750,000	\$4,437,407	\$0	\$43,225	\$26,995,060	65	N	35	Local HA	0	3	15	34	0	12
No	Rose, The	Roseburg	Douglas	NeighborWorks Umpqua	\$1,900,000	\$1,700,000	\$1,269,000	\$0	\$0	\$16,625,337	40	Y	40	HUD Sec 8	0	0	14	11	0	15
did not meet min sc: Malheur Portfolio (5 sites) (LBB/4%)		Ontario; Vale; Nyssa; Burns	Malheur; Harney	Malheur & Harney County Hsg Auth	\$1,687,837	\$0	\$615,218	\$0	\$0	\$10,247,275	94	Y	46	RD / Sec 8	0	0	82	0	0	12
Total Recommended Balance of State					\$6,439,625	\$6,282,010	\$7,022,900	\$1,625,000	\$153,097	\$91,682,828	331		116		0	0	144	130	0	51

HOME NOFA

Funding Recommendation?	Project Name	City	County	Sponsor	GAP / HTF \$	HOME \$	9% LIHTC	OAHTC \$	MEP \$	TOTAL COSTS	Units	Pres?	#PBA	TYPE OF PBA	≤ 80%	≤ 60%	≤ 50%	≤ 40%	≤ 30%	N/A
Yes	Colonia Paz I (AWHTC)	Lebanon	Linn	Farmworker Housing Development Corp	\$500,000	\$2,759,915	\$0	\$0	\$0	\$8,416,165	24	N	23	RD	0	5	0	15	0	3
				Total Recommended HOME NOFA	\$500,000	\$2,759,915	\$0	\$0	\$0	\$8,416,165	24		23		0	5	0	15	0	3

Total Recommended ALL

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2019 LIHTC / HOME Recommendations

SUMMARY			
Project Name:	Rose Bowl		
City:	Portland	County:	Multnomah
Sponsor Name:	Cascadia Housing Inc (CHI)		
Metro/ Non-Metro/Balance of State :	Metro	Total Units	71
9% LIHTC:	\$1,770,000	Units by Size & Affordability:	12 Studios at 60% AMI 1 Studio at 50% AMI 1 Studio at 30% AMI 29 1-BR at 60% AMI 1 1-BR at 50% AMI 1 1-BR at 30% AMI 20 2-BR at 60% AMI 1 2-BR at 50% AMI 2 2-BR at 30% AMI 1 1-BR MGR Unit
HOME :	N/A	# Rent Assisted Units:	18
HTF & Gap:	\$1,100,000		
OAHTC:	\$3,000,000		
OMEP:	0		

PROJECT DETAILS	
Project Description:	Rose Bowl will provide a mix of studio, 1 and 2 bedrooms units in East Portland, 6% of the units will be affordable to renters earning at or below 30% area median income (AMI). The project was also funded by a \$1,140,000 grant from Oregon Health Authority (OHA).
Target Populations being served:	Permanent Supportive Housing - Disabled, with services for Serious and Persistent Mental Illness
Partnerships to Serve Residents:	CHI will leverage longstanding partnerships with service providers and new initiatives with local partners to deliver services to residents. An executed MOU with Cascadia Behavioral Healthcare will help to provide primary, mental health, substance abuse, and wellness-focused care off-site. CHI will also partner with care providers such as Central City Concern, LifeWorks NW, Outside In, and Cascade Aids Project to provide services at Cascadia's properties.
MWESB Engagement:	Plans to hire a minority-owned General Contractor and continued engagement of MWESB vendors for projects, events, and consultation.
Alignment with Statewide Housing Plan:	<ul style="list-style-type: none"> Permanent Supportive Housing Affordable Rental Housing
The LIHTC program requires that all project sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement, meet Affirmative Fair Housing Marketing standards, and engage MWESB organizations.	

Rose Bowl

SUMMARY			
Project Name:	Going 42		
City:	Portland	County:	Multnomah
Sponsor Name:	Community Development Partners		
Metro/ Non-Metro/Balance of State :	Metro	Total Units	55
9% LIHTC:	\$1,420,000	Units by Size & Affordability:	4 Studios at 50% AMI 6 Studios at 30% AMI 18 1-BR at 50% AMI 10 1-BR at 30% AMI 4 2-BR at 60% AMI 3 2-BR at 60% AMI 10 3-BR at 60% AMI
HOME :	N/A	# Rent Assisted Units:	0
HTF & Gap:	\$2,294,750		
OAHTC:	N/A		
OMEP:	\$69,293		

PROJECT DETAILS	
Project Description:	Going 42 will provide a mix of studio, 1, 2 and 3 bedrooms units in Portland, 35% of the units will be affordable to renters earning at or below 30% area median income (AMI). The project was also funded by a \$1,000,000 Indian Housing Block Grant sponsored by Confederated Tribes of Siletz Indians.
Target Populations being served:	American Indian/Alaska Native households
Partnerships to Serve Residents:	NAYA will provide resident services specifically to help residents thrive in their community; from youth and education services, to elder services, to microenterprise programs. Community Development Partners and NAYA have entered into MOUs with Living Cully, which is a coalition of Cully neighborhood-based nonprofits working on combating poverty by building economic, social, and environmental assets for low-income residents.
MWESB Engagement:	Community Development Partners strive for 30% MWESB utilization rates throughout this and all of their development projects. They will be contracting with Carleton Hart Architects (CHA) and LMC Construction during the design phase of the project. CHA will subcontract with ABHT (minority-owned business) for structural engineering services and Marianne Zarkin (woman-owned business) for landscape architecture services.
Alignment with Statewide Housing Plan:	<ul style="list-style-type: none"> Equity and Racial Justice Affordable Rental Housing
The LIHTC program requires that all project sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement, meet Affirmative Fair Housing Marketing standards, and engage MWESB organizations.	

Going 42

SUMMARY			
Project Name:	Mary Ann, The		
City:	Beaverton	County:	Washington
Sponsor Name:	REACH CDI		
Metro/ Non-Metro/Balance of State :	Metro	Total Units	54
9% LIHTC:	\$1,200,000	Units by Size & Affordability:	5 1-BR at 50% AMI 16 1-BR at 40% AMI 4 1-BR at 30% AMI 16 2-BR at 60% AMI 3 2-BR at 50% AMI 3 2-BR at 40% AMI 1 2-BR at 30% AMI 3 3-BR at 30% AMI
HOME :	N/A	# Rent Assisted Units:	8
HTF & Gap:	\$2,208,029		
OAHTC:	\$1,790,000		
OMEP:	\$147,312		

PROJECT DETAILS	
Project Description:	The Mary Ann will provide a mix of 1, 2 and 3 bedrooms units in Beaverton, 20% of the units will be affordable to renters earning at or below 30% area median income (AMI). The project was also funded by a \$3.3 MM General Obligation Metro Bond Loan - City of Beaverton and a \$1.2 MM Washington County HOME funds loan.
Target Populations being served:	Family
Partnerships to Serve Residents:	REACH has pursued partnerships with Community Action to ensure housing stability and services for residents, Centro Cultural to access affordable transit passes and culturally appropriate programs, the Beaver Wellness Center of the Virginia Garcia Memorial Health Center to help resident access affordable, high-quality healthcare, and Worksystems to bolster workforce development.
MWESB Engagement:	REACH's internal housing development goals are 20% MWESB participation for construction project dollars and 30% aspirational MWESB participation. Scott Evans Architecture and Walsh Construction are partnered with subcontractors that will help REACH meet these goals.
Alignment with Statewide Housing Plan:	<ul style="list-style-type: none"> Affordable Rental Housing
The LIHTC program requires that all project sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement, meet Affirmative Fair Housing Marketing standards, and engage MWESB organizations.	

The Mary Ann

SUMMARY			
Project Name:	Oregon City Terrace		
City:	Oregon City	County:	Clackamas
Sponsor Name:	RPH Corporation		
Metro/ Non-Metro/Balance of State :	Metro	Total Units	48
9% LIHTC:	\$1,188,277	Units by Size & Affordability:	9 1-BR at 60% AMI 1 1-BR at 30% AMI 24 2-BR at 60% AMI 1 2-BR at 30% AMI 1 3-BR at 30% AMI 1 1-BR MGR Unit
HOME :	N/A	# Rent Assisted Units:	47
HTF & Gap:	\$700,000		
OAHTC:	\$1,500,000		
OMEP:	N/A		

PROJECT DETAILS	
Project Description:	Oregon City Terrace will provide a mix of 1, 2 and 3 bedrooms units in Oregon City, 6% of the units will be affordable to renters earning at or below 30% area median income (AMI).
Target Populations being served:	Large Families, seniors and people with disabilities.
Partnerships to Serve Residents:	RPH employs Resident Services Coordinators to help link residents with supportive services and community resources. The primary goals of Resident Service efforts are 1) support housing stability and financial literacy, 2) ensure basic needs are met (food, energy, wellbeing) and, 3) social interaction to create a sense of community.
MWESB Engagement:	RPH has engaged KASA Architects and DDV Consulting Services, LLC to be part of the project team, both of which are registered Minority, Women Owned businesses. The project General Contractor, Pence Construction, subcontracts with MWESB providers on 38% of total man-hours and 32% of total dollars spent.
Alignment with Statewide Housing Plan:	<ul style="list-style-type: none"> Affordable Rental Housing
The LIHTC program requires that all project sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement, meet Affirmative Fair Housing Marketing standards, and engage MWESB organizations.	

Oregon City Terrace

SUMMARY			
Project Name:	River Road Affordable Housing		
City:	Eugene	County:	Lane
Sponsor Name:	St Vincent de Paul		
Metro/ Non-Metro/Balance of State :	Non-Metro	Total Units	60
9% LIHTC:	\$1,225,000	Units by Size & Affordability:	7 1-BR at 50% AMI 4 1-BR at 30% AMI 16 2-BR at 50% AMI 1 2-BR at 30% AMI 24 3-BR at 50% AMI 1 ? MGR Unit
HOME :	N/A	# Rent Assisted Units:	25
HTF & Gap:	\$750,000		
OAHTC:	N/A		
OMEP:	N/A		

PROJECT DETAILS	
Project Description:	River Road Affordable Housing will provide a mix of 1, 2 and 3 bedrooms units in Eugene, 9% of the units will be affordable to renters earning at or below 30% area median income (AMI). The project was also funded by a \$725,000 City of Eugene HOME grant.
Target Populations being served:	Singles, couples, and families at or below 50% AMI and Survivors of domestic violence.
Partnerships to Serve Residents:	<p>SVDP will provide residents access to the following services: crisis prevention, self-sufficiency, health and wellness, building community, youth activities, elderly support, good tenancy support, and domestic violence survivor-driven advocacy and support. SVDP has entered into an MOU with Womenspace Inc. to provide services to the 5 households at RRAH and to provide two educational presentations annually.</p> <p>Womenspace has been providing safety, hope, and healing to survivors of intimate partner violence for over 40 years. Each year they serve thousands of survivors and children from our communities of color, tribal communities, LGBTQIA community, survivors with disabilities, men, and the rural communities in Lane County.</p>
MWESB Engagement:	SVDP has partnered with Bersgund DeLaney Architecture and Planning (a certified women-owned business) for project architectural services.
Alignment with Statewide Housing Plan:	<ul style="list-style-type: none"> Affordable Rental Housing Equity and Racial Justice
The LIHTC program requires that all project sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement, meet Affirmative Fair Housing Marketing standards, and engage MWESB organizations.	

River Road Affordable Housing

SUMMARY			
Project Name:	Snowberry Brook II		
City:	Ashland	County:	Jackson
Sponsor Name:	Housing Authority of Jackson County		
Metro/ Non-Metro/Balance of State :	Balance of State	Total Units	71
9% LIHTC:	\$1,350,000	Units by Size & Affordability:	7 1-BR at 50% AMI 1 1-BR at 30% AMI 39 2-BR at 50% AMI 1 2-BR at 30% AMI 8 3-BR at 50% AMI 1 3-BR at 30% AMI 1 3-BR MGR Unit
HOME :	\$1,000,000	# Rent Assisted Units:	28
HTF & Gap:	\$1,627,500		
OAHTC:	N/A		
OMEP:	\$17,640		

PROJECT DETAILS	
Project Description:	Snowberry Brook II will provide a mix of 1, 2 and 3 bedrooms units in Ashland, 5% of the units will be affordable to renters earning at or below 30% area median income (AMI).
Target Populations being served:	Family / Workforce / Permanent Supportive Housing
Partnerships to Serve Residents:	Two target populations with distinct needs will be served by this project 1) General Family/Workforce and 2) homeless youth and their families. HAJC and the Maslow Project will collaborate to provide supportive services to the homeless youths residing at Snowberry Brook II. The Housing Authority's Resident Services Department will coordinate services and provide general information, numerous scholarships for youth programs, adult education and work certificate scholarships, health and wellness, and referrals.
MWESB Engagement:	The Housing Authority has implemented an internal MWESB Participation Plan that emphasizes hiring MWESB contractors and subcontractors in LIHTC, HOME, and CDBG funded projects.
Alignment with Statewide Housing Plan:	<ul style="list-style-type: none"> Affordable Rental Housing Permanent Supportive Housing
The LIHTC program requires that all project sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement, meet Affirmative Fair Housing Marketing standards, and engage MWESB organizations.	

Snowberry Brook II

SUMMARY			
Project Name:	Carnelian PI & Phoenix Crossing		
City:	Bend	County:	Deschutes
Sponsor Name:	Housing Works		
Metro/ Non-Metro/Balance of State :	Balance of State	Total Units	48
9% LIHTC:	\$1,004,600	Units by Size & Affordability:	16 Studios at 60% AMI 2 Studios at 50% AMI 2 Studios at 30% AMI 13 1-BR at 60% AMI 3 1-BR at 50% AMI 1 1-BR at 50% AMI 2 1-BR at 30% AMI
HOME :	\$1,855,000	# Rent Assisted Units:	24
HTF & Gap:	\$885,000		
OAHTC:	N/A		
OMEP:	N/A		

PROJECT DETAILS	
Project Description:	Carnelian PI & Phoenix Crossing will provide a mix of studio, 1, 2 and 3 bedrooms units in Bend, 39% of the units will be affordable to renters earning at or below 30% area median income (AMI). The project was also funded by a \$385,000 City of Bend loan, \$750,000 Federal Home Loan Bank Grant
Target Populations being served:	Elderly, Homeless, Veterans, Survivors of Domestic Violence
Partnerships to Serve Residents:	A partnership with Saving Grace will provide wraparound services for residents who are survivors of domestic violence. For residents with Intellectual/Development Disabilities, Cascade Community Development will assist HousingWorks with identifying potential residents, assisting with applications for tenancy, helping assess the resident's needs, and providing referrals to other service agencies with expertise in specific areas. HousingWorks will provide a full-time Resident Services Coordinator to leverage strong relationships throughout the community.
MWESB Engagement:	HousingWorks is able to encourage use of MWESBs in the development of the project in two ways: 1) engaging qualified MWESBs as project consultants in design and construction, and 2) Requiring the project General Contractor to reach out and engage qualified MWESBs as subcontractors whenever possible.
Alignment with Statewide Housing Plan:	<ul style="list-style-type: none"> Affordable Rental Housing Permanent Supportive Housing
The LIHTC program requires that all project sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement, meet Affirmative Fair Housing Marketing standards, and engage MWESB organizations.	

Carnelian PI & Phoenix Crossing

SUMMARY			
Project Name:	Applegate Landing		
City:	Lebanon	County:	Linn
Sponsor Name:	Applegate Landing LLC		
Metro/ Non-Metro/Balance of State :	Balance of State	Total Units	36
9% LIHTC:	\$1,200,000	Units by Size & Affordability:	2 Studios at 60% AMI 2 Studios at 50% AMI 2 Studios at 30% AMI 13 1-BR at 60% AMI 3 1-BR at 50% AMI 1 1-BR at 30% AMI 14 2-BR at 60% AMI 3 2-BR at 50% AMI 1 2-BR at 30% AMI 2 3-BR at 60% AMI 2 3-BR at 50% AMI 1 3-BR at 30% AMI 1 3-BR MGR Unit
HOME :	\$1,029,010	# Rent Assisted Units:	8
HTF & Gap:	\$1,867,125		
OAHTC:	N/A		
OMEP:	\$93,015		

PROJECT DETAILS	
Project Description:	Applegate Landing will provide a mix of studio, 1, 2 and 3 bedrooms units in Lebanon, 10% of the units will be affordable to renters earning at or below 30% area median income (AMI).
Target Populations being served:	Family & Veterans
Partnerships to Serve Residents:	Applegate Landing with partner with Crossroads Communities to provide on- and off-site services to residents including, housing and service accommodation for physical and mental disability, workforce development and continuing education, post-treatment supportive services, rental and family stability services, financial education, public transportation services, readily accessible medical care, readily accessible mental health care, socialization and peer support, and opportunities for physical exercise.
MWESB Engagement:	Applegate Landing will target a minimum of 20% of MWESB subcontractors and service providers. Due to the nature of this project, Applegate Landing also plans to incorporate the use of veteran-owned subcontractors and service providers.
Alignment with Statewide Housing Plan:	<ul style="list-style-type: none"> Rural Communities Homelessness Affordable Rental Housing

The LIHTC program requires that all project sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement, meet Affirmative Fair Housing Marketing standards, and engage MWESB organizations.

Applegate Landing

SUMMARY			
Project Name:	Bridge Meadows Redmond		
City:	Redmond	County:	Deschutes
Sponsor Name:	Bridge Meadows		
Metro/ Non-Metro/Balance of State :	Balance of State	Total Units	40
9% LIHTC:	\$868,300	Units by Size & Affordability:	11 1-BR at 60% AMI 7 1-BR at 50% AMI 4 1-BR at 30% AMI 1 2-BR at 60% AMI 2 2-BR at 50% AMI 1 2-BR at 30% AMI 4 3-BR at 60% AMI 2 3-BR at 50% AMI 2 3-BR at 30% AMI 1 4-BR at 60% AMI 1 4-BR at 30% AMI
HOME :	\$1,148,000	# Rent Assisted Units:	8
HTF & Gap:	\$610,000		
OAHTC:	N/A		
OMEP:	N/A		

PROJECT DETAILS	
Project Description:	Bridge Meadows Redmond will provide a mix of 1, 2, 3 and 4 bedrooms units in Redmond, 22% of the units will be affordable to renters earning at or below 30% area median income.
Target Populations being served:	Family//Children/Elderly - Intergenerational
Partnerships to Serve Residents:	Working in collaboration with community partners, residents receive case management, professional counseling, in-home support, resident lead activities, weekly support groups, social events, year-round academic support, tutoring and enrichment activities, arts activities, and health and nutrition education.
MWESB Engagement:	The project will use Walsh Construction as the General Contractor. Through their three-pronged Community Participation Plan, Walsh will encourage MWESB inclusion and growth at multiple and varied scopes.
Alignment with Statewide Housing Plan:	<ul style="list-style-type: none"> Permanent Supportive Housing Affordable Rental Housing
The LIHTC program requires that all project sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement, meet Affirmative Fair Housing Marketing standards, and engage MWESB organizations.	

Bridge Meadows Redmond

SUMMARY			
Project Name:	Patriot Heights		
City:	Stanfield	County:	Umatilla
Sponsor Name:	Umatilla County Housing Authority		
Metro/ Non-Metro/Balance of State :	Balance of State	Total Units	53
9% LIHTC:	\$1,177,000	Units by Size & Affordability:	8 1-BR at 60% AMI 2 1-BR at 50% AMI 1 1-BR at 30% AMI 9 2-BR at 60% AMI 2 2-BR at 50% AMI 1 2-BR at 30% AMI 11 3-BR at 60% AMI 1 3-BR at 50% AMI 1 3-BR at 30% AMI 1 4-BR at 60% AMI 1 4-BR at 50% AMI 1 3-BR MGR Unit
HOME :	N/A	# Rent Assisted Units:	0
HTF & Gap:	\$700,000		
OAHTC:	\$475,000		
OMEP:	0		

PROJECT DETAILS	
Project Description:	Patriot Heights will provide a mix of 1, 2, 3 and 4 bedrooms units in Stanfield, 10% of the units will be affordable to renters earning at or below 30% area median income (AMI).
Target Populations being served:	Individuals and Families
Partnerships to Serve Residents:	In coordination with a Resident Services Manager and Umatilla Morrow County Head Start, the Umatilla County Housing Authority will provider residents with childcare, health care, and workforce development and asset building services on site.
MWESB Engagement:	At a minimum, UCHA will target the inclusion of 10% of MWESB subcontractors and service providers.
Alignment with Statewide Housing Plan:	<ul style="list-style-type: none"> Rural Communities Affordable Rental Housing Homeownership
The LIHTC program requires that all project sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement, meet Affirmative Fair Housing Marketing standards, and engage MWESB organizations.	

Patriot Heights

SUMMARY			
Project Name:	Rogue Valley Apts (3 sites)		
City:	White City; Eagle Point	County:	Jackson
Sponsor Name:	Chrisman Development Inc		
Metro/ Non-Metro/Balance of State :	Balance of State	Total Units	76
9% LIHTC:	\$1,375,000	Units by Size & Affordability:	<i>White City I (fka Agate Village)</i> 5 1-BR at 60% AMI 1 1-BR at 50% AMI 24 2-BR at 60% AMI 1 2-BR at 30% AMI 1 MGR Unit <i>White City II (fka Antelope Village)</i> 9 1-BR at 60% AMI 1 1-BR at 30% AMI 11 2-BR at 60% AMI 1 2-BR at 30% AMI <i>Eagle Point (fka Lorraine Court)</i> 9 1-BR at 60% AMI 1 1-BR at 50% AMI 11 2-BR at 60% AMI 1 2-BR at 30% AMI
HOME :	\$500,000	# Rent Assisted Units:	54
HTF & Gap:	\$700,000		
OAHTC:	\$1,625,000		
OMEP:	\$42,442		

PROJECT DETAILS	
Project Description:	Rogue Valley Apts (3 sites) will provide a mix of 1 and 2 bedrooms units in White City; Eagle Point, 4% of the units will be affordable to renters earning at or below 30% area median income (AMI).
Target Populations being served:	Family
Partnerships to Serve Residents:	Based on the high number of households with children and households with at least one person with a disability living at these properties, resident services have been emphasized in the following areas: stabilization, self-sufficiency, and security and success. CDI has entered into an MOU with ACCESS to give Veterans referred by their Support Services for Veterans Families program priority on the property waitlists.

MWESB Engagement:	No General Contractor has been selected but it is CDI's intent to include language in future construction contracts that will require the General Contractor to recruit and hire MWESB subcontractors whenever possible.
Alignment with Statewide Housing Plan:	<ul style="list-style-type: none"> • Affordable Rental Housing • Homelessness
The LIHTC program requires that all project sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement, meet Affirmative Fair Housing Marketing standards, and engage MWESB organizations.	

Rogue Valley Apts (3 sites)

SUMMARY			
Project Name:	Colonia Paz I		
City:	Lebanon	County:	Linn
Sponsor Name:	Farmworker Housing Development Corp		
Metro/ Non-Metro/Balance of State :	Balance of State	Total Units	24
9% LIHTC:	\$0	Units by Size & Affordability:	1 1-BR at 70% AMI 5 1-BR at 50% AMI 2 1-BR at 30% AMI 4 2-BR at 70% AMI 10 2-BR at 50% AMI 1 2-BR at 30% AMI 1 2-BR MGR Unit
HOME :	\$2,759,915	# Rent Assisted Units:	23
HTF & Gap:	0		
OAHTC:	0		
OMEP:	0		

PROJECT DETAILS	
Project Description:	Colonia Paz I will provide a mix of 1 and 2 bedrooms units in Lebanon, 13% of the units will be affordable to renters earning at or below 30% area median income (AMI). The project was also funded by a \$3MM Farm Labor Housing grant and loan issued by USDA.
Target Populations being served:	Family/ Agricultural Workers
Partnerships to Serve Residents:	FHDC has planned to develop key partnerships to serve residents of Colonia Paz including: after school and homework support programs, visiting health care providers and referral services, parenting training based on health issues, access to healthy food, legal assistance, financial literacy classes, food/meals on wheels, food stamps, and social security services.
MWESB Engagement:	FHDC is committed to maximizing MWESB participation in the development of Colonia Paz. FHDC plans to partner with MWESB providers and subcontractors on 20% of this project.
Alignment with Statewide Housing Plan:	<ul style="list-style-type: none"> Rural Communities Affordable Rental Housing Equity and Racial Justice
The LIHTC program requires that all project sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement, meet Affirmative Fair Housing Marketing standards, and engage MWESB organizations.	

Colonia Paz I (AWHTC)



Date: July12, 2019

To: Housing Stability Council
Margaret Solle Salazar, Director

From: Tai Dunson-Strane, Tax Credit Program Manager
Natasha Detweiler-Daby, Senior Housing Finance Policy and Program Manager
Mitch Hannooosh, Housing Finance Policy Analyst
Julie V. Cody, Assistant Director Housing Finance OHCS

Re: Qualified Allocation Plan (QAP) Update and Policy Question

At the Housing Stability Council meeting, staff will provide an update on stakeholder outreach and timeline. In addition, we are looking for Housing Stability Council feedback on a policy question about the regions that are used in the competitive 9% LIHTC program. This is part of our effort to best align the QAP with the priorities in the Statewide Housing Plan, and in particular, the policy priorities around Equity and Racial Justice and Rural Communities.

Background:

Oregon receives an allocation of LIHTC from the IRS based on the total population within the state. States with larger populations receive a greater share of the entire pool of available 9% LIHTC in the country. States are then given flexibility to determine how to allocate those credits within the state. Fundamentally, this can be done to geographic areas or to policy objectives; in either case, it is necessary that any sub-allocation of credits be adequate to fully fund at least one project.

Oregon has implemented different geographic regions for 9% LIHTC allocations over its history with the program. Our current QAP establishes three geographic regions; and within those regions further allocates (or sets aside) a portion of those resources to be used for the preservation of projects with federal project based rent assistance.

The three regions that OHCS currently uses were developed in relationship to those jurisdictions that are direct recipients of HUD's HOME resources (HUD HOME Participating Jurisdictions, or PJs). The reason for tying our 9% LIHTC regions to HUD HOME resources is that it effectively allows for PJs to leverage their HOME resources with tax credits, and lessens the risk that those PJ investments go unfunded which would put those federal resources allocated to Oregon at risk.



We allocate 9% LIHTC to these three regions based on a funding formula which equally weights:

- Low Income / 60% MFI renters
- Severely Rent Burdened Households

The three regions currently are:

- **Metro Region (46%):** consisting of Clackamas, Multnomah and Washington Counties, each of which are PJs.
- **Non-Metro PJ Region (17%):** consisting of the cities of Salem, Keizer, Eugene, Springfield, and until recently the city of Corvallis. Each of these were (until recently) PJs.
- **Balance of State (37%):** consisting of the rest of the state not included in the above two regions; these areas receive HUD HOME resources through the state / OHCS.
 - o Within this region there is a 50% target for resources to go to communities with populations of 25,000 and less.

Considerations for Regions:

- As we have previously discussed with Housing Stability Council, we have heard concern that our current QAP policies do not adequately prioritize serving rural Oregon.
- Many stakeholders have raised interest in having additional regions in the state; this has been a practice in the past.
- In the past year, the city of Corvallis has opted out of being a direct HUD HOME recipient, so has moved from being in the Non-Metro PJ region into the Balance of State region.
- In addition, we have begun to look at the data elements used in the formula to allocate resources; in particular, to identify whether there are potential ways to strengthen this program connection to serving historically underserved communities of color.

While we have not proposed updates to the regions with stakeholders, these factors have led staff to re-evaluate our current approach to regions.

Potential Regional Updates:

To address some of these considerations, **we are looking for Housing Stability Council feedback on concepts for potential updates to the 9% LIHTC regions.** During the Housing Stability Council meeting staff will be prepared to discuss the impact of these concepts on the fund distribution.

- 1- In the funding formula, we could change the data elements used to allocate funds to regions to include data on renters of color, along with severe housing burden.
 - This would add additional focus on Equity and Racial Justice by focusing on communities of color in the allocation formula.
 - This would increase resources, to some degree, to those areas of the state with high percentages of communities of color; while the populations exist statewide there are some rural areas with fewer communities of color, and some rural areas with larger populations of people of color represented in Census Data.
- 2- In establishing the regions, we could align to the Statewide Housing Plan rural definition¹, by doing either:
 - a. Establishing three regions:
 - i. Portland Metro Urban
 - ii. Non Portland Urban
 - iii. Balance of State Rural
 - This approach will most deliberately ensure that only urban projects are competing against urban and rural to rural, it also addresses the limitations of having a small non-Metro PJ region.
 - This approach does not give PJ communities assurance that their HOME funded projects will be able to leverage 9% LIHTC within needed time frames.

-OR-

¹ Rural communities are those with a population of 15,000 or less outside of the Portland urban growth boundary in counties within metropolitan statistical areas (Benton, Clackamas, Columbia, Deschutes, Jackson, Lane, Marion, Multnomah, Polk, Washington and Yamhill Counties) and communities with a population of 40,000 or less in the balance of the state.

- b. Expanding on the current regions based on PJs to add an urban / rural delineation within the balance of state
 - i. Metro Region (same as current)
 - ii. Non-Metro PJ Region (same as current)
 - iii. Balance of State Urban, based on the rural/urban definition¹
 - iv. Balance of State Rural, based on the rural/urban definition¹
- This approach gives additional focus on rural communities by having a targeted region, and provides the same level of assurance to PJ communities that they can leverage the 9% LIHTC program with their federal HOME resources.
- This approach does not address the limitations of having a small non-Metro PJ region.

Next Steps:

Based on Housing Stability Council feedback on potential strategies to evaluate regions, we will develop updated proposals for Council and stakeholder input in the coming weeks.



Date: July 12, 2019

To: Housing Stability Council
Margaret Solle Salazar, Director

From: Edward Brown, GHAP / HDGP Program Manager
Tai Dunson-Strane, Tax Credit Program Manager
Mitch Hannoosh, Housing Finance Policy Analyst
Natasha Detweiler-Daby, Senior Housing Finance Policy Analyst
Julie V. Cody, Assistant Director Housing Finance

Re: Framework for Summer Gap (SGAP) NOFA

At the June 2019 Housing Stability Council (HSC) meeting, we introduced and received feedback on a framework for \$5 million in gap resources for Large-Scale new construction, \$10 million in gap resources for Small Project development, \$4 million in gap resources for Veterans units, and corresponding Oregon Affordable Housing Tax Credits (OAHTC) available for applications. We are looking for HSC approval on this revised framework. We plan to open the offerings in August 2019.

We received specific HSC feedback on a few policy questions, listed below, to which we have responded with updates to the NOFA framework.

1. Should we allow preservation / rehabilitation projects to apply for the Small Project offering?

We heard at HSC that, as long as this was not an offering that would be redundant with other offerings, allowing small preservation / rehabilitation projects to use these resources would be appropriate.

NOFA framework update based on HSC feedback: we will include preservation / rehabilitation as an option on the Small Project offering. Preservation / rehabilitation projects will require minimum rehabilitation standards, have per unit caps established below those for new construction and otherwise compete on the same policy priorities as new construction.

2. Should we prioritize putting resources to develop units set-aside for Veterans into all projects, or should we restrict those resources to just the small project offering?

We heard at HSC that, although often the best structure for serving vulnerable veterans is in small projects, there is also a need for larger veteran family sized units. These units could be included in larger projects, and should be allowable.

NOFA framework update based on HSC feedback: we will allocate veterans' resources in both Large and Small projects, with the majority of those resources set-aside for small projects. Veteran gap funds in the Large-Scale Project offering will be dedicated to funding family-sized veteran units (2 bedrooms or greater).

3. Our current framework includes preference points for projects connected to several state agency capacity building efforts; do we want to expand this point incentive to projects participating in other, external, capacity building efforts?

We heard at HSC that it is important that any prioritized capacity building effort be clearly tied to OHCS investment priorities, and that we need to clearly establish parameters of "participation" in such efforts.

NOFA framework update based on HSC feedback: we will only allow points for capacity building efforts that are strictly defined by OHCS, such as Veterans Capacity or Meyer Memorial Trust capacity building efforts. We will include in the NOFA a decisive list of these efforts, including specific parameters that will be used to measure participation.

We also heard at HSC an interest in ensuring that MWESB scoring, in the long term, is appropriately scaled in relationship with the strong Racial Justice and Equity priority of the Statewide Housing Plan.

NOFA framework update based on HSC feedback: MWESB is currently slated to receive two points in the scoring in this NOFA. In evaluating weight, staff recommend keeping the point distribution where it is; it is scaled consistently with other affordable housing development scoring structures, and should be re-evaluated at the time when we have an established MWESB strategy later this year. In order to further strengthen the racial justice and equity impact of these investments, we have expanded the priority on asset building in the large projects to include ties to meaningful culturally responsive commitments within such efforts.

Offering Summary:

HSC members approved the 2019 funding calendar on October 5, 2018. Part of the 2019 funding calendar is the use of gap funding resources to be used for:

- **Large Scale New Developments to be paired with 4% LIHTCs (\$5 million);**
The intent of this large scale new development offering is to engage high capacity developers in producing units where they can respond to market opportunity and achieve economies of scale using the 4% tax credit along with modest additional subsidy. Executing such a production strategy will be a fundamental piece of our Statewide Housing Plan goal of increasing our production pipeline to 25,000 units.
- **Smaller Scale Projects with Gap (\$10 million);**
The intent of this smaller scale gap fund offering is to give opportunity to those projects that are not large enough to use the 9% tax credit but are meeting core affordable housing needs in the state. Since the 4% tax credit tends to work better in urban areas, this resource allows us to more heavily target production and preservation in rural Oregon, which is another core deliverable of our Statewide Housing Plan.
- **Veteran Gap resources to create set-aside units (\$4 million).**
The intent of these resources is to serve veterans in communities across the state; increasing affordable housing opportunities that are set-aside to serve veterans is a need identified in the Statewide Housing Plan Needs Analysis. In addition, addressing veteran homelessness is a key strategy in the Homelessness Policy Priority of the Statewide Housing Plan. For context – the Document Recording Fee includes a set aside of funding for veterans within the rental housing program.

In order to deploy these resources, OHCS has developed a funding framework based on internal analysis of need, alignment with the statewide housing plan priorities, and stakeholder feedback from prior rounds.

There are two specific qualifying categories under this NOFA:

- **Large Scale New Development.** A new development project of at least 80 units in urban areas and at least 60 units in rural areas.
- **Small Project Development.** A development project, either new construction or preservation, of at least 5 and at most 35 units.

The **Veterans** offering will be split between the large and small development. There will be a soft set-aside tied to each offering:

-- \$1 million for Large Scale New Development, available only to family-sized veterans' units

-- \$3 million for Small Projects with veterans' units

Alignment with the SWHP: This NOFA offers many opportunities to align with and further the goals of the Statewide Housing Plan.

1. Equity and Racial Justice Priority

This framework will work to increase equity and promote racial justice through its offerings in the following ways:

a. Diversity, Equity, and Inclusion Agreement

All small and large project applicants will be required to execute OHCS's standard agreement that commits them to furthering a wide range of equity priorities in both hiring, partnerships, outreach, and accountability.

b. Culturally Specific / Responsive Partnerships

Applicants for the small project offering will be required to submit MOUs from culturally specific or responsive organizations and/or demonstrate how their organization is able to incorporate those perspectives (board representation, staff diversity, etc.).

c. Minority-owned, Woman-owned, or Emerging Small Businesses (MWESB)

All small and large applicants will be required to submit a plan for how they will engage and contract with MWESB firms in the construction of their proposed projects. (As Council is aware, OHCS does not yet have an agency wide policy on MWESB engagement.)

d. Opportunity Areas Criteria

All projects will receive point preference based on criteria that have been identified as providing greater opportunity to residents of that geographic region. This will be scored differently for Portland metro areas than the balance of state.

e. Tribal-Sponsored Projects in Rural Oregon

Small projects will receive point preference if they are sponsored by one of Oregon's sovereign Tribes and will be sited in a rural area.

f. Asset Building Opportunity

All small and large projects will receive point preference if they have a demonstrable, trackable, and/or measurable program, partnership, or initiative that will provide tenants with asset building opportunities (IDAs, CDAs, lease-to-own, etc.).

2. Homelessness Priority

a. Veteran Unit Production

In addition to offering resources dedicated to developing units set-aside for Veterans, point preference will be given for developing units set-aside for Veterans experiencing homelessness.

b. Extremely Low-Income Units

Projects will receive point preference for units tied to rent assistance or otherwise accessible to extremely low-income individuals and families, those households earning 30% area median income or less.

c. Collaboration

Projects will receive point preference for connections with existing efforts to house homeless Veterans, including Veterans "[Operation Welcome Home](#)" initiative.

3. Affordable Rental Housing Priority

a. Transit Oriented Developments

Projects will receive point preference for being sited in areas with accessible public transit options. This will be scored differently for urban and rural areas.

b. Family / Large Size Units

Projects will receive point preference for including a larger number of bedrooms per unit; subsidy limits will be scaled by bedroom size.

c. Subsidy Leverage

Projects will receive point preference for requiring less OHCS subsidy per unit.

d. Capacity Building Collaboration

Projects will receive point preference for connections with existing efforts to build capacity, including Veterans "[Operation Welcome Home](#)" initiative, Rural Peer Network, Rent Burdened Community technical assistance investments made through 2018 Legislative efforts ([HB 4006](#)), and previous OHCS and Meyer Memorial Trust capacity building investments.

4. Rural Priority

a. Rural Set-Aside

We're proposing a 70% set-aside for projects in rural areas in the small project offering; projects in the rural set-aside will only compete against each other.

b. Agriculture Workers

Projects will receive point preference for incorporating units set aside for agriculture workers and their families.

c. Rent Burden Community Collaboration

Projects will receive point preference for participation in the Rural Peer Network, and Rent Burdened Community technical assistance investments made through 2018 Legislative efforts ([HB 4006](#)).

5. Homeownership Priority

a. Asset Building Opportunity

Projects will receive point preference if they have a demonstrable, trackable, and/or measurable program, partnership, or initiative that will provide tenants with asset building opportunities (IDAs, CDAs, lease-to-own, etc.).

Funding Framework Processes:

OHCS staff have developed and propose for Council consideration the following process framework elements:

- A streamlined, mostly self-scored, competitive NOFA that will be open for 60 days, the combination of which will allow for a faster turnaround to funding recommendations, provide greater clarity to applicant selection, and avoid “the rush” of a first-come, first-serve solicitation.
- Scattered site projects will be scored collectively as a single project. If scattered site projects are over both urban and rural areas the project will be scored within the set-aside where the majority of the units reside.
- In the event of a tie and there are not enough available funds to fund both projects; reservations will be prioritized based on four tiebreakers and in the following order:
 - a) The project with the greater number of units will be selected and break the tie.
 - b) If a tie remains; the project with a lower subsidy per unit will be selected and break the tie.
 - c) If a tie remains; the project located in Census Tracts with highest severe housing cost burden will be selected and break the tie.
 - d) If a tie remains; the project located in a geographic area that has not received GHAP resources in the prior two years will be prioritized. Which geography depends on the region the project will be sited in:
 - If Portland Metro: Project located in municipality that has not received GHAP resources in prior two years.
 - If Balance of State: Project located in county that has not received GHAP resources in prior two years.

General Framework Timing and Resources:

Application Timing:

- August 2019 – Streamline Application formal announcement

- October 2019 – Application Due
- December 2019 – Housing Stability Council Presentation

Resources:

- Large Scale New Development
 - \$5 million
 - \$10 million OAHTCs
- Small Projects; \$10 million
 - \$7 million– Rural
 - \$3 million– Urban
 - \$5 million OAHTCs
- Veterans Funds; \$4 million total
 - \$3 million—Small Projects
 - \$1 million—Large Scale

Per unit subsidy maximum caps are recommended as follows
(Veterans unit subsidy boost in parentheses):

2019 Subsidy Caps / Unit	Studio	1 Bedroom	2 Bedroom	3 Bedroom
Large Scale Projects	\$25,000	\$35,000	\$40,000	\$50,000
<i>(Veteran subsidy boost)</i>			<i>(+\$40,000)</i>	<i>(+\$50,000)</i>
Small Projects New Construction	\$125,000	\$175,000	\$225,000	\$275,000
<i>(Veteran subsidy boost)</i>	<i>(+\$25,000)</i>	<i>(+\$35,000)</i>	<i>(+\$40,000)</i>	<i>(+\$50,000)</i>
Small Projects Preservation / Rehab	\$75,000	\$100,000	\$125,000	\$150,000

Large Scale Project limits: these are based on leverage of 4% LIHTC and are drafted based on limited subsidy level at rates below what we saw as feasible with the policy rich LIFT program.

Small Projects New Construction and Small Projects Preservation limits: these are based generally on historic total development cost limits with the assumption that most of these projects will be unable to leverage tax credits and that there will be limited ability of these projects to take on debt. The per unit limits here are higher because, based on OHCS experience, often these developments are using GHAP as the only funding source. These projects will be, if new construction, smaller than LIFT developments, for example, which are leveraging multiple funding sources even in rural areas. Alternatively, if a preservation project,

they will require a smaller scale of rehabilitation than projects applying for Portfolio Preservation funds, for example.

Veteran subsidy boost: this is provided to allow for projects to incentivize unit set-asides for Veteran populations; additionally, our point incentives for small projects prioritizing serving homeless veterans where you would have reduced ability to take on debt.

By including strong point preference for projects seeking general gap resources in all of these we anticipate driving toward lower subsidy requests than these caps currently allow.

Regions:

- Rural Areas are defined as:
 - a. All Oregon communities within the Portland Urban Growth Boundary are considered urban and not considered rural regardless of size.
 - b. Oregon communities with population of 15,000 or less within counties that are considered Metropolitan Statistical Areas (MSA) and outside of the Portland Urban Growth Boundary (see subsection a. above). MSA Counties include Benton, Clackamas, Columbia, Deschutes, Jackson, Marion, Multnomah, Polk, Washington, and Yamhill.
 - c. Communities with population of 40,000 or less in the balance of the state (not defined in parts a or b in this subsection).
- Note: A community may be considered rural if it had been under the population threshold within the past 3 years of published data, and if their current population is within 5 percentage points of eligibility.*
- Urban Areas are all parts of the State of Oregon that do not meet the definition of rural, above.

Application Thresholds and Scoring Criteria

Large Scale New Development Application Submission:

- Limit 1 application per sponsor
- Must be new construction
- Application to include the 4% LIHTC Pre-Application Materials¹
- Investor Letter of Intent
- Construction and Permanent Lender Term Sheet
- Multifamily Energy Program (OR-MEP) reservation letter (if applicable)
- Other soft funding reservation letters (if applicable)

¹ <https://www.oregon.gov/ohcs/Pages/multifamily-housing-four-percent-application.aspx>

Projects that receive a funding reservation will be expected to proceed to construction close within 285 days.

Scoring Criteria – Large Scale Projects:

	Production Criteria	Points	Rationale
1.	<u>Project Size:</u> Points will be awarded to large-scale projects consisting of 80 units or greater in a single project or scattered site.	Up to fifteen (15) points to any proposed project based on total number of affordable units 15 points 151 or more units 10 points 150 to 131 units 5 points 130 to 100 units 0 points 99 to 80 units	Effective use of resources based on 2018 offering.
2.	<u>Subsidy Leveraging:</u> Points will be awarded to projects that require lower subsidy per unit. Calculated by dividing the total grant amount requested by the total number of affordable units. Veterans units receive additional allowable subsidy within each point category ONLY IF units are 2-bedroom or larger.	Up to fifteen (15) points to any proposed project based on the grant requested per affordable unit: 15 points 50% below per unit subsidy caps 10 points 30% - 49% below per unit subsidy caps 5 points 10% - 29% below per unit subsidy caps 0 points 0% - 9% below per unit subsidy caps	Preference projects that require less grant funds to proceed.
3.	<u>Severe Housing Cost Burden:</u> Points will be awarded to projects located in a census tract where the rate of severe rent burdened households is 1.2 times that of the state rate.	4 points	Provide housing in areas with the greatest need for housing affordability

4.	<p><u>MWESB:</u> Points will be awarded to projects that commit to tangible and evidenced engagement and/or contracting with Minority-owned, Women-owned, and Emerging Small Businesses registered with Business Oregon as an MWESB business.</p> <p>Reporting on results of this will be required at the time of construction close.</p>	<p>2 points</p>	<p>Supporting these businesses helps promote equity through job opportunities and investment for disadvantaged people and businesses.</p>
5.	<p><u>Large Family Units:</u> Points will be awarded to projects with an average unit size that contains enough bedrooms to support larger families. Studio units will be counted as 0.5 bedrooms.</p> <p>To receive any points, projects must apply Project Development Manual (PDM) standards and include <i>at least</i> 10% three-bedroom units.</p>	<p>5 points Average bedroom size is 2 or greater.</p> <p>3 points Average bedroom size is greater than or equal to 1.5 and less than 2.</p>	<p>Encourage larger units that can support families with children.</p>
6.	<p><u>Asset Building Opportunities:</u> Points will be awarded to projects committed to supporting asset-building opportunities for their tenants. Opportunities can include individual development accounts (IDAs), child development accounts (CDAs), lease-to-own pathways, financial support for continuing education, or other demonstrable and measurable initiatives approved by OHCS.</p> <p>These asset-building opportunities must include ties to culturally responsive or specific organizations well-versed in reaching historically underserved populations.</p>	<p>2 points</p>	<p>Building wealth is a proven strategy for combating intergenerational cycles of poverty.</p>

7.	<p><u>Ties to Existing Efforts:</u> Points will be awarded to projects that are or will be working with existing efforts, programs, and/or initiatives such as Veterans Capacity, Meyer Memorial Trust Capacity, rent burdened community assistance, or other demonstrable initiatives approved by OHCS.</p>	2 points	Other programs, initiatives, and agencies are working towards similar goals to OHCS and joining efforts avoids redundancies and builds overall capacity.
8.	<p><u>Transit Oriented Development:</u> IF URBAN: Points will be awarded to projects located in Transit Oriented Development Districts (TODD). IF RURAL: Points will be awarded to projects located within close proximity (5 miles) of public transit options.</p>	5 points	Provide housing in areas near transit to connect tenants to employment, amenities, and cultural centers.
9.	<p><u>High Opportunity:</u> If in Portland Metro (METRO): Points will be awarded to projects located in areas of low poverty and high employment opportunity when compared to comparable census tracts. Defined by ACS data on poverty rates and unemployment rates, and AFFH data on Labor Market Engagement. Project located near high performing elementary school, defined by the Oregon Department of Education as achieving Level 4 or Level 5 on the school's report card for Math Achievement for 4rd grade. If in Balance of State (BALANCE): Points will be awarded to projects located in area of low poverty when compared to comparable census tracts.</p>	<p>5 points <i>METRO:</i> Project location meets 2 or more Opportunity Area criteria. <i>BALANCE:</i> Project location has lower poverty rate than comparable Census Tracts 3 points <i>METRO:</i> Project location meets 1 Opportunity Area criterion. <i>BALANCE:</i> Project location has same poverty rate as comparable Census Tracts</p>	Desegregating poverty is an important equity goal of the agency that can be worked towards through the siting of affordable housing in locations with low poverty, jobs, and access to high quality schools.

Small Project Application Submission:

- Limit 1 application per sponsor
- May be a new construction or preservation project
- Investor Letter of Intent (if applicable)
- Construction and Permanent Lender Term Sheet
- Multifamily Energy Program (OR-MEP) reservation letter (if applicable)
- Other soft funding reservation letters (if applicable)

Scoring Criteria –Small Projects:

	Production Criteria	Points	Rationale
1.	<p><u>Subsidy Leveraging:</u> Points will be awarded to projects that require lower subsidy per unit. Calculated by dividing the total grant amount requested by the total number of affordable units.</p> <p>Veterans units receive additional allowable subsidy within each point category ONLY IF project is new construction.</p>	<p>Up to fifteen (15) points to any proposed project based on the grant requested per affordable unit:</p> <p>15 points 50% below per unit subsidy caps</p> <p>10 points 30% - 49% below per unit subsidy caps</p> <p>5 points 10% - 29% below per unit subsidy caps</p> <p>0 points 0% - 9% below per unit subsidy caps</p>	Preference projects that require less grant funds to proceed.
2.	<p><u>Severe Housing Cost Burden:</u> Points will be awarded to projects located in a census tract where the rate of severe rent burdened households is 1.2 times that of the state rate.</p>	5 points	Provide housing in areas with the greatest need for housing affordability

3.	<p><u>Priority Populations:</u> Points will be awarded to projects with units set aside for either homeless veterans or agriculture workers,</p> <p>OR</p> <p>Projects with an average unit size that contains enough bedrooms to support larger families (studio units will be counted as 0.5 bedrooms).</p> <p>To receive any points, projects must apply Project Development Manual (PDM) standards and include <i>at least</i> 10% three-bedroom units.</p>	<p>8 points At least 20% units for homeless veterans or ag workers (at least 2) <u>OR</u> Average bedroom size is 2 or greater.</p> <p>4 points At least 10% units for homeless veterans or ag workers (at least 1) <u>OR</u> Average bedroom size is greater than or equal to 1.5 and less than 2.</p>	Provide housing to populations prioritized by funding source and OHCS's Statewide Housing Plan.
4.	<p><u>MWESB:</u> Points will be awarded to projects that commit to tangible and evidenced engagement and/or contracting with Minority-owned, Women-owned, and Emerging Small Businesses registered with Business Oregon as an MWESB business.</p> <p>Reporting on results of this will be required at the time of construction close.</p>	2 points	Supporting these businesses helps promote equity through job opportunities and investment for disadvantaged people and businesses.
5.	<p><u>Tribal Sponsored Project:</u> Points will be awarded to projects sponsored by one or more of Oregon's sovereign Tribes.</p>	2 points	Tribes have a high need for, and unique challenges surrounding, the development of affordable housing for their communities.

6.	<u>Asset Building Opportunities:</u> Points will be awarded to projects committed to supporting asset-building opportunities for their tenants. Opportunities can include individual development accounts (IDAs), child development accounts (CDAs), lease-to-own pathways, financial support for continuing education, or other demonstrable and measurable initiatives approved by OHCS.	2 points	Building wealth is a proven strategy for combating intergenerational cycles of poverty.
7.	<u>Ties to Existing Efforts:</u> Points will be awarded to projects that are or will be working with existing efforts, programs, and/or initiatives such as Veterans Capacity, Meyer Memorial Trust Capacity, rent burdened community assistance, or other demonstrable initiatives approved by OHCS.	2 points	Other programs, initiatives, and agencies are working towards similar goals to OHCS and joining efforts avoids redundancies and builds overall capacity.
8.	<u>High Opportunity:</u> Points will be awarded to projects located in area of low poverty when compared to comparable census tracts.	2 points	Promoting housing in areas of high opportunity in an effort to promote equity through desegregating poverty.
9.	<u>Extremely Low Income (ELI):</u> Points will be awarded to projects with units accessible to households with extremely low income (< 30% AMI) through either rent restrictions on the units, rent assistance, or the leveraging of the Oregon Affordable Housing Tax Credit (OAHTC).	7 points 50% or more of units accessible to ELI households 5 points 25% to 49% of units accessible to ELI households 3 points	Provide housing for those individuals and families with the greatest need.

		10% to 24% of units accessible to ELI households	
10.	<u>Culturally Specific Partnerships</u> Points will be awarded to projects with a demonstrable (signed letter of intent, memorandum of understanding, etc.) partnership with one or more culturally specific organizations.	5 points	Engaging culturally specific organizations in the development process helps to ensure that the interests of the populations they represent will not be neglected or overlooked.

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Oregon

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Date: July 12, 2019

To: Housing Stability Council Members
Margaret Solle Salazar, Director

From: Kenny LaPoint, Interim Assistant Director of Housing Stabilization
Connor McDonnell, Housing Integrator
Christy Hahn, Homeless Services Operations and Policy Analyst

Re: Statewide Shelter Study Briefing

Purpose: To provide a briefing on the Statewide Shelter Study which is anticipated to be released in August 2019. In addition, to provide background and context for the study, the methodology, and information on the findings of this work. No HSC decision to be made.

In early Winter of 2018, inclement weather and media brought attention to the shortage of low-barrier shelter during the winter months. Governor Kate Brown expressed that she did not want any Oregonian to go unsheltered during the winter months and funds were secured through HB 5201 to provide additional resources to communities in need. In subsequent conversations there was consensus that there was not enough information available on the existing statewide shelter capacity, during both winter months as well as year round shelter, little information on how shelters operate and whether they were following national best practices. This circumstance coupled with emerging quantitative data from HUD's 2018 Annual Homeless Assessment Report (AHAR), identifying Oregon was one of four states in which more than half (61 percent) of all people experiencing homelessness were living in unsheltered locations, necessitated further action on behalf of the state.

In the Fall of 2018, OHCS commissioned a Statewide Shelter Study and contracted with the Technical Assistance Collaborative (TAC) to conduct a study of emergency shelters in Oregon. The purpose of the study was to obtain a deeper understanding of the current landscape of the homeless crisis response system, with a secondary purpose to provide OHCS with guidance and a set of recommendations regarding best practices for the statewide emergency shelter system. The Statewide Shelter Study directly aligns with the Homelessness policy priority of the Statewide Housing Plan and agreements reached by the Housing Stability Council, OHCS, and Community Action Agency (CAA) partners around shifting Oregon's homeless services system towards outcome oriented strategies.

In terms of methodology of the study, TAC conducted a comprehensive assessment and analysis of Oregon's emergency shelter system using all available data from a range of stakeholders representing diverse emergency shelter systems and regions. TAC used various data sources to inform the study which included OHCS Shelters in Oregon (SIO), the Point-in-Time (PIT) 2018,



Housing Inventory Count (HIC) 2018, HUD's System Performance Data (2015-2018), Emergency Housing Assistance (EHA)/State Housing Assistance Program (SHAP) information on spending and related information, and the Homelessness Management Information System (HMIS) data for CAAs and CAA recipient programs. TAC also used HUD's CoC Analysis Tool to examine whether the states crisis response system makes emergency shelter resources available equitably. HUD's tool draws on CoC PIT Count as well as poverty data from the American Community Survey (ACS) to facilitate analysis of racial disparities among people experiencing homelessness. By comparing racial distributions between persons experiencing homelessness and persons experiencing poverty, the HUD data identifies racial disparities in homelessness that poverty alone cannot account for.

Robust outreach was conducted through (5) focus groups of local shelter operators, an online survey of CAAs, Continuums of Care (CoCs), and homeless providers, stakeholder interviews, a rural partner webinar, a survey of winter and warming shelters, and a lived experience survey was conducted which had over 200 participants.

The draft study findings include an assessment of the current shelter bed capacity, the households experiencing homelessness, a look as to who is being served and who is not being served by shelters, the unique challenges of operating a winter/warming shelter, and the quality or lack thereof data related to Oregon's shelter system. As well, the study will identify best practices in emergency shelter operations, crisis response system, the role of government partnerships and oversight. The study will make key recommendations for shelter expansion, intergovernmental collaboration on homelessness, and ways to support CAAs and CoCs to achieve optimal outcomes. We would like to have a robust discussion today to hear your input about the statewide shelter system and ways that this study could improve this state crisis response system.

Affordable housing with support services is the answer to homelessness, but in lieu of adequate housing supply and resources, shelter is a stopgap and a necessary crisis response tool. It is also important that emergency shelter is operated in best practices, that staff and volunteers are adequately trained, and that there is a path forward to help individuals and families experiencing homelessness move into permanent housing. Feedback from the study includes a desire from partners for state agency intervention to assist communities to meet their local goals. Communities have expressed interest in partnering with OHCS to expand shelter, increased technical knowledge around budgeting and planning, and to ensure that general operations are efficient and effective with paid staff and trained volunteers.

Housing Stability Council Involvement and Next Steps:

At the August 2nd HSC meeting, the Homeless Services Section is planning to provide the fully completed Shelter Study. At this meeting we anticipate a discussion and recommendations for how we should look to incorporate the Shelter Study findings into the use of OHCS' shelter resources.

In addition, currently pending legislation (SB 5512, OHCS Budget Bill) would provide OHCS with \$5 million in funding to support shelter in Oregon. SB 5512 directs that the funding be utilized in coordination and support of the results of the Shelter Study. The Homeless Services Section will engage the HSC on the development of a framework to operationalize this funding in alignment with the Shelter Study.

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Date: July 12, 2019

To: Housing Stability Council Members
Margaret Solle Salazar, Director

From: Kenny LaPoint, Interim Assistant Director of Housing Stabilization
Vicki Massey, Rent Assistance Programs Coordinator

Re: Emergency Housing Assistance (EHA) and State Homeless Assistance Program (SHAP) Real Estate Process and Application

REQUEST FOR DECISION

Motion: Move to approve the process for approval of real estate acquisitions, conversions or rehabilitations funded in whole or in part with EHA or SHAP funds.

Oregon's Need for Shelters

In January 2018, 14,476 Oregonians were considered homeless and 60% of them did not have access to emergency shelter. While the solution to ending homelessness remains to be access to stable and affordable housing or Permanent Supportive Housing (PSH), shelter plays a critical role in survival for our most vulnerable community members who are experiencing homelessness. In addition to being a refuge, shelters serve within the continuum as a connection point for the services and resources needed to begin the move into permanent housing.

Need for Real Estate Process and Application

Historically, the EHA and SHAP activities have been rent assistance, operation of shelters, services, and case management. The Legislature's increase in funding for these two programs has given OHCS the opportunity to expand the reach of both programs to add increased shelter and transitional housing capacity in areas of the state where there is currently not sufficient housing. EHA's flexible nature, and SHAP's required use for shelter activities, make acquisition and development of real estate activities an advantageous use of both resources. While OHCS' Multifamily Section provides funding for permanent, affordable rental housing their funding does not support development of shelters, which are unique real estate challenges: small projects responsive to the communities' current needs, available for occupancy quickly.

When the Homeless Services Section (HSS) first prepared to offer funding for real estate, HSS developed a business plan for Community Action Agencies (CAAs) to comply with before their projects would be approved for funding. Due to the complexity of these real estate transactions, we soon determined a more comprehensive real estate application process was needed. Discussions about the process have taken place internally and with Housing Stability Council since 2016. The application process presented today is the culmination of those discussions. We appreciate Housing Stability Council's discussion in June 2019 and have revised the application to address Council's concerns.

Background of Funding Sources Eligible for Real Estate Use



Emergency Housing Assistance Program (EHA)

EHA is OHCS's most flexible homeless program because of the variety of services it can provide. Service components include outreach, shelter, rental assistance for transitional and permanent housing, supportive in-home services, community capacity building, and facility acquisition, rehab and conversion. In addition to being homeless or at-risk, a household's gross income can be no more than 80% area median income.

State Homeless Assistance Program (SHAP)

SHAP pays for emergency shelter operations and service to shelter residents. SHAP components also include street outreach, acquisition, rehab and conversion of facilities for shelter use. To be eligible to stay in a SHAP-funded shelter, the household must be homeless or at-risk. There is no income limitation. SHAP-funded costs must be incurred in the biennium in which the allocation was made.

Request for Expansion of Activities Eligible for Funding

In 2016, our legal counsel concluded purchase of bare land, new construction, and permanent housing were *not* eligible for funding through either program. Four years later, we have a more informed understanding of the types of projects subgrantees determined to be most beneficial for their communities. There is a need for increased development of small independent units which are quick to build and used to temporarily house persons experiencing homelessness. OHCS has asked the Department of Justice (DOJ) to allow the EHA and SHAP programs to fund purchase of land and new construction for use as shelter or transitional housing. As of the date of this writing we are awaiting a response from DOJ on this request.

Allocation of Funds

EHA and SHAP funds are allocated by OHCS directly to CAAs using a set funding formula which considers the percentages of severe housing burden, poverty, and homelessness for the CAA's service area. Oregon Human Development Corporation, a farmworker service agency, also receives a flat amount of EHA biennially.

Coordination with Statewide Housing Plan

Priority: Equity and Racial Justice

Subgrantees will be required to:

- Sign OHCS's Statement of Diversity, Equity and Inclusion (DEI). By signing the DEI statement, the subgrantee confirms they will take steps to ensure their agency provides shelter and services in an equitable and culturally responsive way and their agency will set goals and adopt strategies to eliminate racial disparities. As the OHCS Research Team compares demographic data reported by each subgrantee to the community's population in general, the subgrantee's success in following the tenets of the Agreement will be evident. HSS will work with subgrantees to identify areas where advancements could take place for improved results.
- OHCS reserves the right to review the proposed populations in comparison with demographics of the homeless in subgrantee's service area and discuss with subgrantee their decision.
- Foster partnerships with culturally specific service providers in subgrantee's service area.
- Enter data into HMIS for their shelter and transitional housing residents. HMIS will identify the facility users by the facility's name to enable HSS to examine the demographics of only those residents.
- Identify how the real estate project will support each outcome goal identified in subgrantee's EPIC Outcomes Tool, including the Inclusion and Diversity Outcome. OHCS is prepared to provide subgrantees with training, data collection assistance and analysis, and hire consultants, if needed, to assist them to build on their selected outcomes.
- Promote the economic enhancement of small, minority, disadvantaged, and women-owned businesses. OHCS will expect subgrantees to hire these businesses and will require subgrantees to report back to OHCS the total dollars paid to eligible contractors and the percentage of that to total project costs.

- Pursue projects that will not involuntarily or permanently displace tenants. Subgrantee must indicate in the real estate application if the project will cause any resident displacement. If so, subgrantee must provide OHCS with a detailed description of the actions subgrantee will take to minimize the impact of relocation to all affected households.

Priority: Homelessness

OHCS has this opportunity to bring together a number of visionary and instructive resources available to us right now. The Statewide Housing Plan, Budget Note Report and the resulting EPIC Outcomes Tool, the Shelter Study, and our new fiscal policies work together to provide OHCS with direction to utilize its funding to most efficiently and effectively end homelessness in Oregon. The HSS Real Estate requirements provide HSS with a framework in which to work with subgrantees to develop shelters and transitional housing that align with the priorities we've identified. In addition, subgrantees will be required to include homeless veterans and families with children in their populations served.

OHCS has commissioned an inventory of the state's shelters and recommendations for improvement across the state. OHCS will use the Shelter Study data to identify the need for the facility in the community.

Priority: Permanent Supportive Housing (PSH)

A large number of persons experiencing homelessness also have one or more physical or mental health concerns or a disabling condition, which affects their ability to live independently. These persons often may thrive in a supportive housing environment. Increasing shelter opportunities in a community provides an entry point where a homeless person can be assessed and potentially referred into PSH.

Priority: Affordable Rental Housing

Oregon's homeless include families and individuals who became homeless from one debilitating situation, such as a job loss or medical issue. These households can often recover quickly if provided with short-term assistance. Support from their CAA through shelter services or transitional housing can give them the boost needed to reclaim stability and move on to independent housing.

Priority: Rural Communities

Many rural communities don't have a shelter or temporary housing system. Many rural CAA's provide emergency placement in hotels or motels when those units are available. Rural CAA's rarely have the financial options of larger CAA's and rely on funding received from OHCS for both agency operations and service provision. Being able to use EHA and SHAP funds to expand shelter capacity in rural Oregon will help communities meet the needs of their most vulnerable residents and fills a gap in resources which would otherwise be unmet.

Housing Stability Council Feedback

At the June 7, 2019 Housing Stability Council meeting the Homeless Services Section staff provided a briefing on OHCS' proposed EHA and SHAP acquisition, conversion and/or rehabilitation process. During this briefing, questions and/or concerns were raised through HSC feedback. The following are responses to the questions and/or concerns identified during that meeting:

1. Will OHCS have an ongoing monitoring process?

Yes. OHCS will have a monitoring process to ensure oversight of the development as well as program design.

2. How will OHCS make sure the building and construction will have a useful life of at least 15 years?

Under this new process, any acquisition or rehab costing \$500,000 or more will initiate a transfer to the Multifamily Section for management and oversight of the development. Multifamily will apply the same rigorous review to these projects as they do to with their NOFA projects. Under the threshold requirements, projects managed by the Homeless Services Section will be routed to the OHCS architect for plans and specs review, review of structural improvements, and changes to systems and off-site facilities. As part of the monitoring process, architect will visit sites or provide other assistance as needed, even if the oversight is not dictated by the threshold requirements. HSS will ensure there is a connection in place between funding recipients with a diverse group of developers that hold strong experience.

3. What are the terms of the Restrictive Use Agreement? When can a project's use be changed to permanent housing? What happens after the community no longer has a need for housing for that population?

The Restrictive Use Agreement states that developments cannot transfer any interest in the project without obtaining prior written consent from OHCS. This will serve as one of our mechanisms to maintain the asset to serve individuals experiencing homelessness. Restrictive covenants run with the land. Any other contract must contain a provision making the property subject to the covenants. OHCS may modify the terms of the agreement if it would benefit OHCS, the project, or the program.

4. Diversity, Equity, Inclusion

Racial disparities in experiences of homelessness are clear and start, driven by a complex array of historical and current inequities within our system and social dynamics. Dynamics inclusive biases, prejudices, overt discrimination, institutional racism and many other intersectional forces. As we lift up and learn from individuals with these lived experiences and national experts in this space, we are taking action to develop comprehensive guidance for Community Action Agencies on how to undertake this work. Specific to the real estate process:

- Recipients must report the total dollars paid to MBE/WBE contractors
- All individuals served will be entered into ServicePoint which will include demographic data. Doing this will provide communities and OHCS with a more complete picture of not only the number of individuals experiencing homelessness but will allow communities to assess race and ethnicity-based overrepresentation. Complete and accurate data will help local leadership reconsider inequitable and ineffective policies.
- Recipients of funds will be required to sign OHCS's Statement of Diversity, Equity and Inclusion (DEI). By signing the DEI statement, the subgrantee confirms they will take steps to ensure their agency provides shelter and services in an equitable and culturally responsive way and their agency will set goals and adopt strategies to eliminate racial disparities.

5. Is there a limit on the length of residency? Need to have a plan for continued assistance. Project must be a component of a continuum of services; not a stand-alone project.

Shelters are a critical part of an effective crisis response system that ends homelessness. Our goal is to strategically use shelter towards ending homelessness by ensuring they are low-barrier, focus on assessment and triage, and intentionally link to permanent housing resources. The effectiveness of this resource is highly contingent upon strengthening shelter practices. One example of how shelter systems have been retooled is to turn overly complicated or restrictive rules into simple and respectful community expectations. This allows for a shift of energy and focus from compliance to building on people's strengths and focusing on the actual individual need.

At this time, HSS is not intending to set for the length of time expectancy for shelters we fund. However, we will review policies, operations manuals and client handbooks to ensure operations are in line with best practices. When funding shelters, we will review for the following:

- Participation of Coordinated Entry and assessment
- Shelter operating hours
- Overnight service (late entry and early) vs 24/7
- Holistic Service Planning
- Employment Services and SS/SSDI entitlements through SOAR
- Healthcare: Medicare/Medicaid, Long Term Care
- Substance Use Services and Trauma Informed Care
- Evaluation of how well the funding recipient partner with other homeless providers
- The funding recipient must demonstrate shelter will not be operated as individual or standalone program but functioning as part of a coordinated system of programs working together

6. How do we ensure that CAA's have development capacity and the technical expertise for projects to be successful?

While some of Oregon's CAA's have development and ownership experience, many have not taken on real estate related activities in the past. The Homeless Services Section will consider ways to provide support to communities as they develop shelters, including using EHA Discretionary and Shelter Capacity funding to foster partnerships between experienced developers and agencies in need of support.

Request for Motion

Homeless Services Section asks the Housing Stability Council to approve our Real Estate application and process. The process will put in effect steps identified to reduce OHCS risk and develop much-needed shelter and transitional housing.

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Date: July 12, 2019

To: Housing Stability Council Members
Margaret Solle Salazar, Director

From: Kenny LaPoint, Interim Assistant Director of Housing Stabilization
Christy Hahn, Homeless Services Operations and Policy Analyst
Gus Bedwell, Veterans Housing Integrator

Re: Operation Welcome Home Update

Purpose: To update the Council on the successes and challenges with the first wave of Operation Welcome Home. This is only a briefing, no decision is requested.

On March 31, 2017, Governor Kate Brown called on the Oregon Legislature to support additional investments in Veteran services and to provide a home for every Veteran in Oregon. In the 2017-2019 Oregon Department of Veterans Affairs (ODVA) Legislatively Adopted Budget, a budget note directed \$1.5 million in lottery funds to Oregon Housing and Community Services (OHCS) through Measure 96, which funds an array of veteran programs. Additionally, the budget note directed OHCS to work with ODVA to develop a collaborative plan for expenditure of these funds and to report to the legislature in the February 2018 session. That funding was broken down as follows:

Emergency Housing Assistance (EHA) for Veterans: \$350,000

Upon receipt, EHA Veterans funding was passed through to our statewide network of Community Action Agencies (CAA).

Permanent Housing for Veterans: \$760,000

This funding was made available through an OHCS Affordable Rental Housing Finance Division offering and funded the development of four new, affordable rental homes for Veterans in the city of Independence. We will celebrate the Grand Opening of this community, Ash Creek Terrace, on July 31st along with the wrap up of Operation Welcome Home.

Community Technical Assistance and Consultation: \$150,000

This funding has been utilized to fund a technical assistance through Operation Welcome Home.

*More detail on Operation Welcome Home Below

Veteran Homelessness Integrator Position: \$240,000

OHCS utilized this portion of the Measure 96 funding to hire a Limited Duration Veteran Homelessness Integrator to provide leadership for Oregon's initiative to end Veteran homelessness. Gus Bedwell has been working with local communities through key stakeholder engagement (Veterans, Veteran service providers, landlords, housing providers, CAAs, PHAs,



CoCs, etc.) and partnership development designed to leverage and align resources and creation of a streamlined homeless veteran service delivery system.

At the beginning of 2019, OHCS released its five-year Statewide Housing Plan which included a priority of ending the unsheltered homelessness of Oregon's Veterans. As a result of this priority, our work to end Veteran homelessness will continue throughout the five-year Statewide Housing Plan period and beyond the conclusion of Operation Welcome Home.

Operation Welcome Home

Operation Welcome Home is short-term campaign to help ten communities, through technical assistance, to develop a collaborative infrastructure with the long term goal of ending Veteran homelessness in Oregon. OHCS engaged The Cloudburst Group to help provide technical assistance and launched Operation Welcome Home on November 15, 2018 with an initiative end date of July 31, 2019. The ten communities, and the 18 (out of 36 state-wide) counties they represent, selected are:

1. Jackson County
2. Crook, Deschutes, and Jefferson Counties
3. Clackamas County
4. Benton, Lincoln, and Linn Counties
5. Klamath and Lake Counties
6. Lane County
7. Marion and Polk Counties
8. Coos and Curry Counties
9. Yamhill County
10. Douglas and Josephine Counties

Upon completion of the campaign the goal is that each of the communities will have accomplished the following:

1. Created and implemented a multi-agency/organization Veterans By Name List. A By Name List is a list of homeless Veterans and Veterans who have received services in a community. This list is populated through information from outreach, Homeless Management Information System (HMIS), shelters, VA-funded programs including Grant Per Diem (GPD) providers, and any other providers in your community who may work with Veterans who are homeless. The List is meant to give the key partners involved in ending Veteran homelessness a solid understanding of the people (not just the numbers) that need to be re-housed at any given time. It is a very important tool in any effort to end Veteran homelessness. The List is regularly used at Veterans Leadership Team meetings to determine where Veterans are in the homeless system, who needs to be prioritized, what needs to be done to assist them, what barriers needs to be removed to get them into housing, and who is responsible for each person.
2. Recruited and obtained buy in from all the relevant community partners working with individuals experiencing homelessness to form a Veteran Leadership Team. This Team, made up of many service providers and a variety of sectors, would then be tasked with

prioritizing Veterans on the By Name List, identifying their unique needs, and matching them to available resources as swiftly and seamlessly as possible. Not only do Veteran leadership teams identify the most holistic and timely resources for Veterans, team members hold each other accountable to Veterans over the long term to ensure that Veterans do not fall back into homelessness.

3. Each community was asked to identify the number of Veterans they believe they could house as part of this initiative. Collectively the selected counties agreed to house 500 Veterans.

Communities who currently have an established Veteran By Name List are:

1. Crook, Deschutes, and Jefferson Counties
2. Clackamas County
3. Benton, Lincoln, and Linn Counties
4. Lane County
5. Marion and Polk Counties

Communities who have established Veteran Leadership Teams:

1. Jackson County
2. Crook, Deschutes, and Jefferson Counties
3. Clackamas County
4. Benton, Lincoln, and Linn Counties
5. Klamath and Lake Counties
6. Lane County
7. Marion and Polk Counties
8. Coos and Curry Counties
9. Yamhill County
10. Douglas and Josephine Counties

Successes:

1. Veterans housed: To date 382 veterans have been housed. This is the success of most importance. At the end of the initiative, Veterans have been housed and lives have been changed.
2. Some instances of increased collaboration: Due to the exposure of gaps and processes by the technical assistance provider, the campaign has been able to assist some communities in identifying practical opportunities to work together in new ways.
3. Veteran By Name Lists and Veteran Leadership Teams created: where these efforts were successful, they will provide a foundation for future work and opportunities to address Veteran homelessness.
4. Communities such as Lane and Clackamas are excited about a future declaration that they have ended Veterans homelessness.
5. Communities are building upon their learnings from the initiative and paving the way for future collaborative work.

6. OHCS and ODVA have held two well attended Veterans Convenings to bring together housing and service providers and provide training, networking opportunities and best practices. These trainings included sessions on equity and racial justice, fair housing, systems alignment and peer to peer learning.

Challenges:

1. Although several communities have Veteran By Name Lists, the lists are not consistently being shared across community partners. Additionally, the lists are not all held within the HMIS, which limits visibility and access, and also limits the accuracy of reporting and tracking the outcomes for each veteran. For instance, some communities may use an Excel spreadsheet to house their By Name List. This can be problematic and pose difficulties for data sharing, reporting and the disaggregation of data by race. Services provided for the initiative were self reported and in many cases outside of OHCS programs (ex: VASH, SSVF, GPD), limiting the available data needed for OHCS to analyze the initiatives impact on Veterans of color or LGBTQ+ Veterans. As we develop future initiatives we need to provide forethought into how these elements should be incorporated into data collection. By Name Lists which are fully incorporated into HMIS would provide the detail needed to analyze the effectiveness of programs on serving Veterans of color and LGBTQ+ Veterans.
2. Many communities have experienced challenges when it comes to collaboration. This includes lack of participation from key community partners in some regions. Collaboration is critical to pairing the various resources available to Veterans across multiple agencies and systems. For example, the Veterans Affairs Supportive Housing (VASH) program (administered by Housing Authorities) could be paired with EHA (provided through CAA's) to provide rental security deposit assistance that is then combined with on-going rental assistance and services (provided by the Federal Department of Veterans Affairs). In many cases, if programs and agencies like these are not working together then a Veteran would lack the full spectrum of resources needed to become stably housed.
3. Additional engagement from Continuum's of Care is necessary for future initiatives as they are the only entity able to officially declare a functional end to Veteran homelessness.
4. More local executive level leadership is needed to drive the initiative and direct resources from nonprofit and other service providers.
5. Local political support and awareness is lacking across the initiative. This effort needs more engagement and involvement from elected officials.

Housing Stability Council Involvement and Next Steps:

On July 30th and 31st, OHCS and ODVA will host the 3rd Veterans Convening and the Operation Welcome Home wrap up celebration in Independence. The celebration will include the Grand Opening of the Ash Creek Apartments, four new, affordable rental homes for Veterans funded with Measure 96 Veterans Lottery funding. The Operation Welcome Home Celebration and Ash

Creek Grand Opening will take place on Wednesday, July 31st at 1:30pm at 198 South 9th St., Independence, OR.

In addition, OHCS is planning to offer future initiatives that target ending Veteran homelessness. This has been a focused effort of the Agency, along with ODVA, since March 31, 2017 when Governor Brown announced an intention to end Veteran homelessness in Oregon. Subsequently, ending Veteran homelessness is a key priority within OHCS' 2019-2023 Statewide Housing Plan. Shortly, OHCS staff will begin planning for our next campaign and we will be seeking Housing Stability Council input and engagement in initiative development.

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June 25, 2019

To: Housing Stability Council Members
Margaret Solle Salazar, Director

From: Kim Freeman, Homeownership Section Manager
Emese Perfecto, Assistant Director – Homeownership

Re: Oregon Foreclosure Avoidance change in Fee for Service - Briefing

Background:

In 2013, the Oregon Legislature enacted Senate Bill 558 which established the Oregon Foreclosure Avoidance (OFA) program. This program creates a mandatory, statewide foreclosure mediation program. Before most lenders can begin a residential foreclosure process, they must request a mediation with the homeowners through OFA. The Oregon Department of Justice is responsible for running the mediation component of the OFA program. OHCS was engaged to allocate and track resources that are used for the corresponding pre-mediation counseling with homeowners. This counseling has been funded through Oregon's General Fund since 2013.

OHCS Pre-Mediation Counseling Program for OFA:

The 2017 Legislature awarded \$1.3 million in funding for the OFA program, to fund counseling efforts from July 1, 2017 through June 30, 2019, and included a budget note that no additional funds would be offered from the state to keep this program operational in the future.

Following the announcement of 2017 OFA funds, in collaboration with the statewide network of Homeownership Centers that provide foreclosure counseling services to the OFA program, OHCS revisited the reimbursement terms with Homeownership Centers to determine if there were potential reductions that could be implemented that would ensure services could be funded for a longer period of time. Critical to any recommendation put forth by OHCS is the ability to ensure geographic equity of service delivery.

Many Homeownership Centers felt that they could deliver at a reduced cost through streamlining approaches to providing services and utilizing technology to reach areas statewide. We heard from those partners a strong desire for OHCS to reduce the per-client allowable fee as a way to stretch the funds out further into the biennium. However, we also heard from several rural



Homeownership Centers who felt that their organizations would not be able to continue to participate if deep cuts were applied across the board. This is due in part to rural partners having very large, sparsely populated, service coverage areas which cannot achieve as many cost savings that are able to be gained by serving very large volume of clients. In addition, these areas tend to have clients that have strong preferences for face-to-face interaction and service provisions with more limited access to technology.

In October 2017, Housing Stability Council reviewed the reduced fee structure as follows:

Urban Homeownership Centers

- \$450 per counseling session
- \$100 resolution conference

(Max of \$550 per household assisted; a reduction of \$400 from current structure)

Rural Homeownership Centers

- \$650 per counseling session
- \$100 resolution conference

(Max \$750 per household assisted; a reduction of \$200 from current structure)

Using feedback from Council members and additional communication with partners who provide OFA services, Director Salazar approved the following fee structure in October 2017.

Urban Homeownership Centers

- \$450 per counseling session
- \$100 resolution conference

Rural Homeownership Centers

- \$550 per counseling session
- \$100 resolution conference

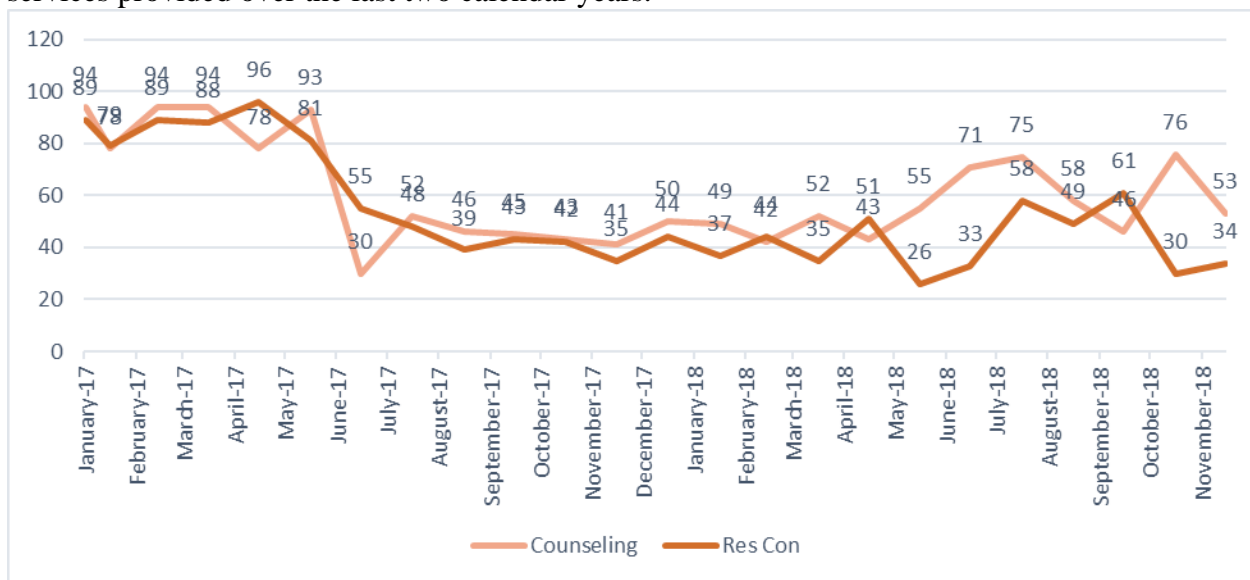
Frontier Counties

- \$650 per counseling session
- \$100 resolution conference

OHCS has continued to work with OFA partners to ensure the program is providing the necessary program requirements and service level to meet the needs of homeowners in foreclosure. Over the past several months, we have had discussions with partners and discovered some are not attending all of the resolution conferences scheduled, due to the reduced fee for

service. This decision not to attend all the resolution conferences has left homeowners unprepared for what may take place during the resolution conference; they may also not understand all of the terms and potential agreements. The decision to reduce the fees in 2017 was at the request of partners to ensure there would be adequate funds to maintain the required certified counselors who have been trained and are providing the foreclosure counseling.

Below is a graph of counseling sessions and resolution conferences attended by partnering agencies from January 2017 through December 2018. This shows the reduction in required services provided over the last two calendar years.



Additional Program Information:

The 2019 Legislature is expected to include \$1.5 million in funding in the OHCS 2019-21 budget for both OFA and the existing Homeownership Assistance Program (HOAP), which includes housing counseling and down payment assistance activities. Because our experience in recent biennia indicates that the full \$1.5 million will not be expended for OFA, our intention is to make available \$1 million for OFA counseling, and to retain the additional funds for HOAP. Our intention is to reevaluate the OFA counseling numbers in July 2020 to determine if additional funds are needed for OFA or if some of the designated OFA funds can be transferred to HOAP to provide additional funds for housing counseling, which is provided by our Homeownership Centers.

The Council may recall that the HOAP program expanded in 2018 when the Legislature passed an increase in the Document Recording Fee. Staff brought recommendations to the Council for use of the increased funds in October 2018. As part of those recommendations, Council approved a plan to set aside \$1 million of HOAP funds for 2019-2021 to fund the OFA program in the event our partners were not able to obtain additional General Funds to continue to fund

OFA. With the anticipated award of General Fund in the OHCS 19-21 budget, staff will be releasing the \$1 million previously set aside for OFA and distributing it within the HOAP program based on the October 2018 approved allocation method. We will bring updated frameworks for the HOAP program, that reflect the adopted priorities of the Statewide Housing Plan, at a future date.

Equity and Racial Justice considerations

Because a determination on the OFA funding levels is needed in short order to provide certainty to our grantees at the start of the biennium, we are bringing this information now, though we recognize we do not have an OFA program evaluation in hand. We plan to bring the Council additional program information including trends and outcomes related to equity and racial justice.

Allocations for HOAP include:

HOAP (75%):

- Homeownership Centers 34%
- Down Payment Assistance 39%
- Rehab/Repair 12%
- Technology 3%
- Training 2%
- OHCS Admin 10%

Veterans HOAP (25%)

- Down Payment 60%
- Rehab/Repair 30%
- OHCS Admin 10%

Program Consideration:

OHCS is soliciting feedback from Council on the change in the fee for service structure to be effective July 1, 2019. The fee structure will be the same for all agencies throughout the state and will ensure the certified counselors will continue to offer these services in the communities they serve.

The proposed fee structure:

- \$650 per counseling session
- \$250 resolution conference

(Max of \$900 per household assisted)

June 25, 2019

Oregon Foreclosure Avoidance Fee for Service Recommendation

Based on all comments received and Council feedback Director Salazar will take this into consideration and make the final approval.

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Oregon

Governor Kate Brown

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Date: June 24, 2019

To: Housing Stability Council Members
Margaret Solle Salazar, Director

From: Kim Freeman, Homeownership Section Manager
Emese Perfecto, Assistant Director – Homeownership

Re: Quarterly Report January – March 2019
Oregon Bond Residential Loan Program

Each quarter the homeownership division of OHCS will be presenting program information in reference to the number of loans, counties served, and how we are serving communities of color. Additionally, we will update our annual production goals and milestones. We have purchased 194 loans totaling \$43,205,999. This represents 21.60% of goal amount and 22.93% of the goal for number of loan purchases.

The first quarter of 2019 has seen a reduction in loan reservations along with loan purchases. This is in part due to the time of year and our interest rates have been close to market rates. We lowered our interest rates on April 1, 2019 and as a result, we have seen a steady reservation volume. On June 5, 2019, we lowered our interest rates to 3.25% for Rate Advantage and 4.25% for Cash Advantage, due to market-mortgage interest rates consistently decreasing. We increased our program purchase price limits on April 2, 2019, which has also had a positive effect on our reservation volume.

As previously shared last month, we did not present the quarterly report as we were awaiting the 2018 Home Mortgage Disclosure Act (HMDA) data. In further research and discussion with our Data and Research Team, we are not sure when the 2018 HMDA data will be released. We will review the first quarter production data. We will also discuss income limits in reference to the program and how they correlate with the AMI incomes by county and statewide. We continue to monitor the counties served along with the demographic information while working closely with our lenders, homeownership centers and other housing partners to promote our loan program.

As we continue to implement the data methodology for our division and refine the quarterly reports, we will focus on standardizing and implementing new demographic data collection models with the most recent data from American Community Survey (ACS) and HMDA data.

Are there additional data elements or additional research the Council would like to see in the future?



OREGON BOND RESIDENTAL LOAN ACTIVITY

Quarterly Report January through March 2019

COUNTY	TOTAL LOAN COUNT	TOTAL LOAN AMOUNT	% MINORITY HOUSEHOLD	TOTAL PURCHASED PRICE	PURCHASE PRICE LIMIT		AVERAGE PURCHASE PRICE	INCOME LIMIT		INCOME LIMIT		AVERAGE HOUSEHOLD INCOME
					TARGETED AREA	NON TARGET AREA		TARGETED AREA 1,2 PERSONS	3+ PERSON	NON-TARGETED AREA 1,2 PERSONS	3+ PERSON	
BENTON	1	202,020	0.00	200,000	423,782	346,730	200,000	100,920	117,740	84,100	96,715	51,053
CLACKAMAS	17	4,531,842	5.88	5,047,750	522,454	427,462	296,926	97,680	113,960	97,680	112,460	69,813
CLATSOP	1	194,444	0.00	198,000	347,881		198,000	83,880	97,860			50,230
COLUMBIA	8	1,806,172	0.00	1,929,000	522,454	427,462	241,125	97,680	113,960	97,680	112,460	57,993
COOS	5	739,096	20.00	837,900	346,315		167,580	83,880	97,860			44,414
CROOK	4	896,477	0.00	960,900	346,315		240,225	83,880	97,860			73,708
CURRY	1	186,558	0.00	190,000	360,531	294,980	190,000	83,880	97,860	69,900	80,385	62,616
DESCHUTES	8	1,923,946	25.00	2,180,700		368,466	272,588			81,139	93,310	56,513
DOUGLAS	6	1,027,238	16.67	1,093,500	346,315	283,349	182,250	83,880	97,860	69,900	80,385	50,068
HOOD RIVER	1	247,435	0.00	252,000		429,532	252,000			82,560	96,320	73,440
JACKSON	15	3,006,214	13.33	3,300,650	352,941	288,770	220,043	83,880	97,860	69,900	80,385	49,610
JEFFERSON	3	454,986	33.33	463,900	346,315		154,633	83,880	97,860			48,042
JOSEPHINE	16	3,223,074	6.25	3,493,150	346,315		218,322	83,880	97,860			56,698
KLAMATH	7	1,062,101	0.00	1,113,000	346,315		159,000	83,880	97,860			45,202
LANE	2	381,725	0.00	446,000	346,315	283,349	223,000	83,880	97,860	69,900	80,385	67,801
LINCOLN	1	174,000	0.00	240,000		283,349	240,000			69,900	80,385	84,248
LINN	5	898,896	0.00	996,300	346,315	283,349	199,260	83,880	97,860	69,900	80,385	50,804
MARION	7	1,491,042	14.29	1,664,900	354,206	289,805	237,843	83,880	97,860	69,900	80,385	60,778
MULTNOMAH	53	13,065,464	35.85	16,250,745	522,454	427,462	306,618	97,680	113,960	97,680	112,460	64,970
POLK	5	1,108,958	0.00	1,172,000	354,206	289,805	234,400	83,880	97,860	69,900	80,385	51,234
TILLAMOOK	1	185,576	0.00	189,000		283,349	189,000			69,900	80,385	68,064
UMATILLA	1	190,239	100.00	193,750	346,315	283,349	193,750	83,880	97,860	69,900	80,385	59,220
WASHINGTON	20	4,809,221	15.00	5,637,790		427,462	281,890			97,680	112,460	67,506
YAMHILL	6	1,398,369	0.00	1,508,400		427,462	251,400			97,680	112,460	64,319
TOTAL:	194	43,205,093	19.92	49,559,335			257,106					60,581

Quarterly breakdown by month

January	99 Loans equaling \$22,721,620
February	49 Loans equaling \$10,678,474
March	46 Loans equaling \$9,804,999
CY Total Loan Purchases	\$43,205,093
CY Total Dollar Annual Goal	\$200,000,000
% of Loan YTD Count	22.93%
% of Loan YTD Goal	21.60%

Quarterly Activity

3	of loans at or above	95% purchase price limit
33	of loans at	75-95% purchase price limit
158	of loans below	75% purchase price limit
CY Total Loan Count	194	
CY Target Annual Goal	846	

Income Limits

About the Program

Oregon Bond Residential Loan Program assists first time homebuyers with competitive interest rate mortgage loans to help Oregonians purchase their first home. With the use of mortgage revenue bonds, these loans increase first time homebuyers purchasing power and keep their monthly payments affordable.

Income Limits

OHCS has established **Income Limits** (listed at right) for households that would qualify for the Oregon Bond Residential Loan program.

How to Qualify

To apply, simply contact one of our participating lenders and they will assist you in getting pre-qualified for one of our home loans.

Find a participating lender at:

<https://o.hcs.state.or.us/lenders/lenderlocator.jsp>

For more information, contact us at:

Oregon Housing and Community Services

725 Summer St. NE, Suite B, Salem, OR 97301-1266
PH (503) 986-2000
In Oregon, 1-877-788-2663
www.ohcs.oregon.gov

Revised 06-2019



Income Limits Effective June 14, 2019				
	Non-Targeted Area		Targeted Area	
County*	1-2 Person	3 or More	1-2 Person	3 or More
Baker	Non Applicable	Non Applicable	\$90,480	\$105,560
Benton	\$83,700	\$96,255	\$100,440	\$117,180
Clackamas, Columbia, Multnomah	\$102,753	\$118,166	\$105,480	\$123,060
Clatsop	Non Applicable	Non Applicable	\$90,480	\$105,560
Coos	Non Applicable	Non Applicable	\$90,480	\$105,560
Crook	Non Applicable	Non Applicable	\$90,480	\$105,560
Curry	\$75,400	\$86,710	\$90,480	\$105,560
Deschutes	\$88,426	\$101,689	Non Applicable	Non Applicable
Douglas	\$75,400	\$86,710	\$90,480	\$105,560
Gilliam	\$75,400	\$86,710	Non Applicable	Non Applicable
Grant	\$75,400	\$86,710	Non Applicable	Non Applicable
Harney	Non Applicable	Non Applicable	\$90,480	\$105,560
Hood River	\$84,840	\$98,980	Non Applicable	Non Applicable
Jackson	\$75,400	\$86,710	\$90,480	\$105,560
Jefferson	Non Applicable	Non Applicable	\$90,480	\$105,560
Josephine	Non Applicable	Non Applicable	\$90,480	\$105,560
Klamath	Non Applicable	Non Applicable	\$90,480	\$105,560
Lake	Non Applicable	Non Applicable	\$90,480	\$105,560
Lane	\$75,400	\$86,710	\$90,480	\$105,560
Lincoln	\$75,400	\$86,710	Non Applicable	Non Applicable
Linn	\$75,400	\$86,710	\$90,480	\$105,560
Malheur	Non Applicable	Non Applicable	\$90,480	\$105,560
Marion & Polk	\$75,400	\$86,710	\$90,480	\$105,560
Morrow	\$75,400	\$86,710	Non Applicable	Non Applicable
Sherman	\$75,400	\$86,710	Non Applicable	Non Applicable
Tillamook	\$75,400	\$86,710	Non Applicable	Non Applicable
Umatilla	\$75,400	\$86,710	\$90,480	\$105,560
Union	Non Applicable	Non Applicable	\$90,480	\$105,560
Wallowa	Non Applicable	Non Applicable	\$90,480	\$105,560
Wasco	\$75,400	\$86,710	Non Applicable	Non Applicable
Washington	\$102,753	\$118,166	Non Applicable	Non Applicable
Wheeler	Non Applicable	Non Applicable	\$90,480	\$105,560
Yamhill	\$102,753	\$118,166	Non Applicable	Non Applicable



Members:

Chair, Adolph "Val" Valfre, Jr.
Sarah DeVries
Claire Hall
Anna Geller
Mary Li
Gerardo F. Sandoval, PhD
Charles Wilhoite

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