Housing Stability Council

<u>MEETING MATERIALS PACKET</u>

Multnomah Safe Rest Village
Portland, Or

November 1, 2024
9:00 a.m. – 12:30 p.m.
Oregon Housing & Community Services
Webinar

Council Members:
Claire Hall, Chair
Sami Jo Difuntorum
Mary Ferrell
Maggie Harris
Mary Li
Erin Meechan
Javier Mena
Kristy Willard
Sharon Nickleberry Rogers

AGENDA

November 01, 2024 9:00 a.m. – 12:30 p.m.
Oregon Housing and Community Services
725 Summer St NE, Salem OR 97301

Webinar Mtg Only
Public register in advance for this webinar

**Please note the public hearing process*

OREGON HOUSING & COMMUNITY SERVICES
HOUSING STABILITY COUNCIL

TIME	TOPIC	SWHP Priority	ACTION
9:00	**Meeting Called to Order**		Call Roll
9:05	**Review & Follow-up Action Items**		Briefing
9:15	**Report of the Chair**		Briefing
9:30	**Report of the Director**		Briefing
9:45	**Affordable Rental Housing Division (pg. 04)** *Natasha Detweiler-Daby, Director of Affordable Rental Housing Division* • Public Hearing Comments in accordance with ORS 456.561 • Transactions: *Tai Dunson-Strane, Assistant Director Production; Roberto Franco, Deputy Director Development* o Elmonica Station o Gussie Belle Commons o Legin Commons o Marine Drive o Woodland Hearth • ORCA Recommendations: *Amy Cole, Assistant Director Development Resources; Roberto Franco, Deputy Director Development* o Colonia Libertad o Commons on MLK • Introduction of ORCA and LIHTC updates for 2025: *Amy Cole, Assistant Director Development Resources; Mitch Hannoosh, Senior Policy Analyst, Natasha Detweiler-Daby, Director*		Decision Briefing
11:00	**Break**		
11:15	**Homeownership Division (pg. 60)** *Keeble Giscombe, Director of Homeownership Division* • Homeownership Development Approvals: *Jessica MacKinnon, Senior Homeownership Development Program Analyst* • Down Payment Assistance & Rules Tied to OHCS Lending: *Scott Shaw, Assistant Director Homeownership Lending* • LIFT Framework: *Talia Kahn-Kravis, Assistant Director of Homeownership Programs; Jessica MacKinnon, Senior Homeownership Development Program Analyst* • OAHTC Expansion for Homeownership: *Talia Kahn-Kravis, Assistant Director of Homeownership Programs; Tacha Worth, Homeownership Tax Credit Program Analyst*		Decision Briefing

The Housing Stability Council will provide public hearing time in accordance with ORS 456.561. Council's review of loan, grant or other funding award proposals under this section shall be held at a public hearing of the council.
A public hearing is a formal proceeding held in order to receive testimony from all interested parties, including the general public, on a proposed issue or action. A public hearing is open to the public but is regarding a specific proposal/project.
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.

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HOUSING STABILITY COUNCIL

12:30	**Meeting Adjourned**

The Housing Stability Council helps to lead OHCS to meet the housing and services needs of low- and moderate-income Oregonians. The Housing Stability Council works to establish and support OHCS' strategic direction, foster constructive partnerships across the state, set policy and issue funding decisions, and overall lend their unique expertise to the policy and program development of the agency.

The 2019-2023 Statewide Housing Plan outlines six policy priorities that focuses OHCS' investments to ensure all Oregonians have the opportunity to pursue prosperity and live from poverty.

Statewide Housing Plan Policy Priorities

- Equity & Racial Justice
- Homelessness
- Permanent Supportive Housing
- Affordable Rental Housing
- Homeownership
- Rural Communities

For more information about the Housing Stability Council or the Statewide Housing Plan, please visit Oregon Housing and Community Services online at https://www.oregon.gov/ohcs/OSHC/Pages/index.aspx

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OREGON HOUSING and COMMUNITY SERVICES
725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

Date: November 1st, 2024

To: Housing Stability Council Members;
Andrea Bell, Executive Director

From: Tai Dunson-Strane, Assistant Director, Production
Hattie Iott, Housing Production Manager
Roberto Franco, Assistant Director, Development Resources
Natasha Detweiler-Daby, Director, Affordable Rental Housing

Re: **Approval for Resolution #2024-11-01**

Motion: Approve the Resolution #2024-11-01 recommendations for the following projects:

BOND RECOMMENDED MOTION: Move to approve Pass-Through Revenue Bond Financing in an amount up to and not to exceed $27,963,000 to 170 and Baseline Limited Partnership for the construction of Elmonica Station, subject to the borrower meeting OHCS, City of Beaverton, Washington County, Metro, Citibank Bank Community Capital and NEF's underwriting, closing criteria, and documentation satisfactory to legal counsel and Treasurer approval for the bond sale.

HTF MOTION: Move to approve National Housing Trust Fund Financing in an amount up to and not to exceed $1,037,348 to 170 and Baseline Limited Partnership for the construction of Elmonica Station, subject to the borrower meeting OHCS, City of Beaverton, Washington County, Metro, Citibank Bank Community Capital and NEF's, closing criteria, and documentation satisfactory to legal counsel and Treasurer approval for the bond sale.

BOND RECOMMENDED MOTION: Move to approve Pass-Through Revenue Bond Financing in an amount up to and not to exceed $ $24,150,000 to NE Salem Apartments Limited Partnership for the construction of Gussie Belle Commons, subject to the borrower meeting OHCS, Key Bank and CREA's underwriting, closing criteria, and documentation satisfactory to legal counsel and Treasurer approval for the bond sale.

BOND RECOMMENDED MOTION: Move to approve Pass-Through Revenue Bond Financing in an amount up to and not to exceed $32,670,000 to 7705 SE Division Limited Partnership for the construction of Legin Commons, subject to the borrower meeting OHCS, PHB, US Bank,

Citibank Bank Community Capital and Enterprise's underwriting, closing criteria, and documentation satisfactory to legal counsel and Treasurer approval for the bond sale.

BOND RECOMMENDED MOTION: Move to approve Pass-Through Revenue Bond Financing in an amount up to and not to exceed $10,000,000 to Marine Drive PSH LP for the construction of Marine Drive, subject to the borrower meeting OHCS, JPMorgan Chase Bank, N.A and PNC's underwriting, closing criteria, and documentation satisfactory to legal counsel and Treasurer approval for the bond sale.

BOND RECOMMENDED MOTION: Move to approve Pass-Through Revenue Bond Financing in an amount up to and not to exceed $26,000,000 to Woodland Hearth Limited Partnership for the construction of Woodland Hearth, subject to the borrower meeting OHCS, City of Tigard, Washington County, Ready Capital and Enterprise's underwriting, closing criteria, and documentation satisfactory to legal counsel and Treasurer approval for the bond sale.

HTF MOTION: Move to approve National Housing Trust Fund in an amount up to and not to exceed $6,200,000 to Woodland Hearth Limited Partnership for the construction of Woodland Hearth, subject to the borrower meeting OHCS, City of Tigard, Washington County, Ready Capital and Enterprise's underwriting, closing criteria, and documentation satisfactory to legal counsel and Treasurer approval for the bond sale.

At the upcoming Housing Stability Council meeting, we will be presenting five 4% LIHTC/Conduit Bond transaction paired with HTF funds for Council approval.

The projects included in the Resolution following this memo were approved by the OHCS Finance Committee or are scheduled for an approval by the Finance Committee. In this memo we are providing you with a high-level summary of the recommended project. More detailed information regarding the project and the additional funding recommendation can be found in the individual project summaries.

All projects are subject to underwriting and programmatic requirements established under the Qualified Allocation Plan, General Policy and Guideline Manual (GPGM) and MWESB/SDVBE Compliance Manual are eligible to be considered for funding. All applications proposed a percentage target of MWESB contractors and subcontractors above the minimum standards set forth in the OHCS MWESB Compliance Policy, and all have an Affirmatively Furthering Fair Housing Marketing Plan including a Tenant Selection Plan that will market to those least likely to apply. All projects sponsored have signed our Diversity, Equity, and Inclusion (DEI) Agreement and submit an Equity & Racial Justice (ERJ) project status report.

Funding Recommendation:

We are recommending funding reservation for five (5) projects. These projects will create **421** units of new affordable housing.

Projects with Other OHCS Funding

Project Name	County	Total Units	Sponsor	Underwriting Stage
Elmonica Station	Washington	81	REACH CDC and Mercy Housing Northwest	FC schedule on 11/5
Gussie Belle Commons	Marion	120	Green Light LLC and Seed of Faith Ministries	FC schedule on 11/12
Legin Commons	Multnomah	124	Our Just Future and APANO	FC schedule on 11/12
Marine Drive	Clatsop	33	Clatsop Behavioral Healthcare and Edlen & Co	FC schedule on 11/05
Woodland Hearth	Washington	63	Community Partners for Affordable Housing	FC schedule on 10/29

Total 421

See attached project summaries.

Oregon Housing and Community Services | 725 Summer St. NE Suite B, Salem, OR 97301-1266 | (503) 986-2000 | FAX (503) 986-2020

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES
HOUSING STABILITY COUNCIL

RESOLUTION NO. 2024 – 11-01
ADOPTED: NOVEMBER 1TH, 2024

A RESOLUTION OF THE HOUSING STABILITY COUNCIL APPROVING PASS-THROUGH REVENUE BONDS AND HOUSING PROGRAM FUNDING TO FINANCE THE PROJECTS DESCRIBED HEREIN, SUBJECT TO THE BORROWERS AND PROJECTS MEETING CERTAIN PROGRAM REQUIREMENTS, CLOSING AND OTHER CONDITIONS AS DESCRIBED HEREIN; AND AUTHORIZING AND DETERMINING OTHER MATTERS WITH RESPECT THERETO.

WHEREAS, the State of Oregon (the "**State**"), acting by and through the State Treasurer (the "**Treasurer**") and the Oregon Housing and Community Service Department (the "**Department**" and collectively with the State and the Treasurer, the "**Issuer**"), is authorized, subject to Housing Stability Council (the "**Council**" or "**HSC**") review and approval, pursuant to Oregon Revised Statutes ("**ORS**") Chapter 286A and ORS Sections 456.515 to 456.725, inclusive, as amended (collectively, the "**Act**") and Oregon Administrative Rules ("**OAR**") Chapter 813, Division 35 pertaining to the Department's Pass-Through Revenue Bond Financing Program (the "**Conduit Bond Program**"), to issue revenue bonds, notes and other obligations (collectively, "**Bonds**") and to loan the proceeds thereof to borrowers ("**Borrowers**") in order to finance certain costs associated with the acquisition, rehabilitation, development, construction, improvement, furnishing and/or equipping of multifamily housing;

WHEREAS, through the federal 4% Low-Income Housing Tax Credit Program ("**LIHTC Program**"), the Department allocates tax credits (the "**Credits**") in accordance with the Act and OAR Chapter 813, Division 90 pertaining to the Department's LIHTC Program;

WHEREAS, through the Department's various financing programs as authorized by the Act and ORS Chapter 458 (collectively, "**Housing Programs**"), the Department, subject to the Council's review and approval, provides loans, grants and other financing pursuant to the Act, ORS Chapter 458, applicable OARs and in conformance with Department policies (the "**Housing Program Funding**"). The Conduit Bond Program, the LIHTC Program and the Housing Programs are collectively referred to herein as the "**Programs**"; and

WHEREAS, the Department's Finance Committee (the "**Committee**" or "**FC**") has (i) approved the allocation of Credits, (ii) recommended to the Council the issuance of Bonds, and (iii) approved or recommended providing the Housing Program Funding to finance each of the affordable multifamily rental projects as listed on **Exhibit A** attached hereto (each an "**FC-Approved Project**" and collectively, the "**FC-Approved Projects**"); and

WHEREAS, Council desires to accept the recommendations of the Committee by (i) approving the Bonds and directing the Department to request that the State Treasurer issue the Bonds and (ii) further ratifying and/or approving providing the Housing Program Funding to finance each of the FC-Approved Projects; and

WHEREAS, the further Council desires to (i) approve the Bonds and direct the Department to request that the Treasurer issue the Bonds and (ii) further ratify and/or approve providing the Housing Program Funding to finance each of the affordable multifamily rental projects as listed on **Exhibit B** attached hereto (each a "**Proposed Project**" and collectively, the "**Proposed Projects**"), in each case subject final approval of the Projects by the Committee, including the allocation of Credits by the Committee to each of the Projects; and

NOW, THEREFORE, be it resolved by the Council as follows:

SECTION 1. HSC APPROVAL. The Council hereby acknowledges that it has reviewed the information and materials included in **Exhibit A** and **Exhibit B** attached hereto describing the Bonds and the Housing Program Funding, each FC-Approved Project and each Proposed Project (each a "**Project**" and collectively, the "**Projects**") and the financing of each of the Projects, and hereby approves the issuance of the Bonds for the financing of each of the Projects, as described therein. Subject, in the case of each Project, to the Borrower's compliance with all legal and other requirements of the Act and the applicable Programs and confirmation by the Department, including final approval by the Committee in the case of each Proposed Project, that the conditions described in Section 2 below have been satisfied, the Council finds that no further meeting or action of the Council is needed for the Department to request and the Treasurer to proceed with the issuance of the Bonds and for the Department to proceed with the financing of the Project.

SECTION 2. CONDITIONS TO ISSUANCE, SALE AND DELIVERY OF BONDS. The Council hereby approves the issuance, sale and delivery of the Bonds for each of the Projects. For each Project, such approval is subject to any remaining final approval(s) that may be required by the Committee (including the allocation of Credits to and final approval of each Proposed Project by the Committee) and/or the Department's Executive Director (or her designee), and further subject to the Borrower meeting all requirements of the applicable Programs and satisfying all closing and funding conditions, including:

(A) completion by the Department of all necessary due diligence related to the Project and the financing, consistent with applicable Program requirements, Department policies and practices;

(B) the absence of any material change to the Project or the financing following the adoption of this Resolution;

(C) confirmation that all legal and other requirements of the Act and the Conduit Bond Program for the issuance, sale and delivery of the Bonds have been satisfied, as determined by the Department, the Oregon Department of Justice and Bond Counsel; and

(D) confirmation that all legal and other requirements of the Act and the Programs have been satisfied, as determined by the Department and the Oregon Department of Justice.

SECTION 3. COUNCIL REVIEW, APPROVAL AND PUBLIC MEETING. The Council hereby acknowledges that it has reviewed the information and materials included in **Exhibit A** and in **Exhibit B** attached hereto describing the Projects and the financing of each of the Projects, including the Bonds, and conducted such additional review and made such additional inquiry, if any, as it determined to be necessary or appropriate, in compliance with the Council's obligations under ORS 456.561(3) and other relevant authority, to review, and to approve or disapprove the financing of the Projects. The Council hereby further acknowledges that the adoption of this Resolution and the HSC approval set forth herein has been made at a public meeting of the Council as required by ORS 456.561(4) and other relevant authority, and that such meeting has been conducted in accordance with applicable law, including any required advance public notice of such meeting. Further, the Council acknowledges that in connection with the adoption of this Resolution and the HSC approval set forth herein, opportunity has been provided to the public to testify or otherwise provide public comment on the Projects and any other matters directly related thereto.

SECTION 4. EFFECTIVENESS; CONFLICTING RESOLUTIONS. This Resolution shall be effective immediately upon its adoption. Any prior resolutions of or other previous actions by the Council and any parts thereof that are in conflict with the terms of this Resolution shall be, and they hereby are, rescinded, but only to the extent of such conflict.

[Signature follows next page]

CERTIFICATION OF RESOLUTION

The undersigned does hereby certify that I am the duly appointed, qualified and acting Chair of the Oregon Housing and Community Services Oregon Housing Stability Council (the "**Council**"); that the foregoing is a true and complete copy of Resolution No. 2024-11-01 as adopted by the Council at a meeting duly called and held in accordance with law on November 1th, 2024; and that the following members of the Council voted in favor of said Resolution:

____

____

the following members of the Council voted against said Resolution:

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____

and the following members of the Council abstained from voting on said Resolution:

____

____

In witness whereof, the undersigned has hereunto set her hand as of this 1st day of November 2024.

____

Chair Claire Hall

<u>**EXHIBIT A**</u>

<u>**N/A**</u>

<u>**EXHIBIT B**</u>

PROPOSED PROJECT

1- <u>**Elmonica Station (FC – Meeting Schedule for 11/5/2024)**</u>
2- <u>**Gussie Belle Commons (FC – Meeting Schedule for 11/12/2024)**</u>
3- <u>**Legin Commons (FC – Meeting Schedule for 11/12/2024)**</u>
4- <u>**Marine Drive (FC – Meeting Schedule for 11/05/2024)**</u>
5- <u>**Woodland Hearth (FC – Meeting Schedule for 10/29/2024)**</u>

OREGON HOUSING and COMMUNITY SERVICES
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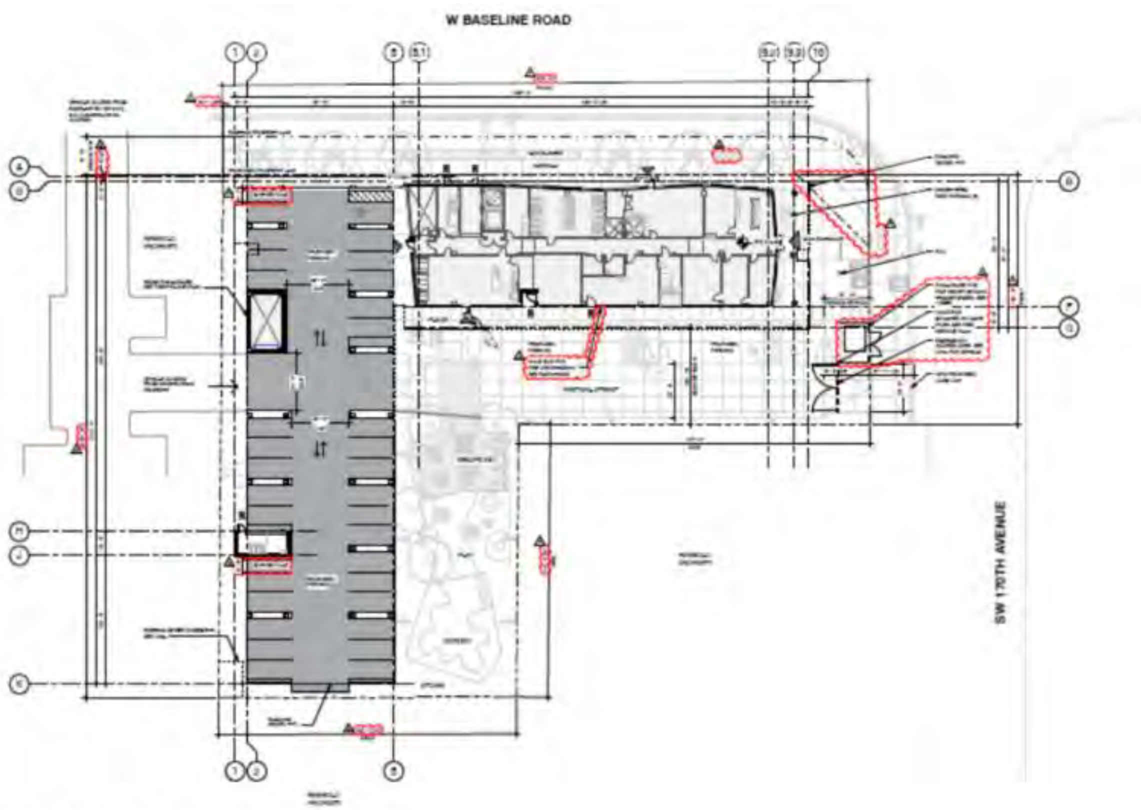
SUMMARY			
Project Name:	Elmonica Station		
City:	Beaverton	County:	Washington
Sponsor Name:	REACH Community Development, Inc. and Mercy Housing Northwest		
Management Agent:	Mercy Housing Management Group		
Urban/Rural:	Urban	Total Units:	81
		Total Affordable Units:	81
# Rent Assisted Units:	8 (Washington County Project Based Vouchers)	Units by Size & Affordability:	11 - Studio at 30% AMI 13 - Studio at 60% AMI 24 - 1-BR at 60% AMI 7 - 2-BR at 30% AMI 11 - 2-BR at 60% AMI 15 - 3-BR at 30% AMI
Construction Costs:	$ 468,908 per unit	Construction Type:	New Construction
Affordability Term(s):	LIFT - 30 years 4% LIHTC – 30 years HTF – 60 years	# of Units with Non-OHCS Requirements:	33 units at 30% AMI – 60 years 48 units at 60% AMI – 60 years
Funding Request		**Funding Use**	
LIFT:	$ 8,866,500	Acquisition	$90,501
4% LIHTC Equity:	$ 21,273,773	Construction	$37,981,510
HTF Request:	$ 1,037,348	Development	$13,650,644
Conduit Bonds Request:	up to $ 27,963,000	Total:	$51,722,655

PROJECT DETAILS	
Project Description:	Elmonica Station is a new construction, 100% affordable housing development located in Beaverton, next to the Elmonica MAX light rail station. The project will consist of 81 units in a single L-shaped, four-story elevator-served building. Elmonica Station will have 24 studio units, 24 1-bedroom units, 18 2-bedroom units, and 15 3-bedroom units. The first floor will include multiple office spaces for resident services, a rental office, and a community room that will be connected to the large outdoor plaza at the center of the project. The outdoor plaza will be equipped with a playground, BBQ/picnic area, and community garden. Multigenerational living will be supported through the provision and placement of studio & 1-bedroom units next to the 3-bedroom units.

	Unit amenities will include through-wall air-conditioning and dishwashers. Elmonica Station and the 81 units are a stand-alone project and not subject to a master plan development. Closing is anticipated to be in December 2024.
Partnerships to Serve Communities of Color:	Early in development planning, REACH CDC established a Project Advisory Committee (PAC) comprising of various community organizations, including Bienestar, Somali Empowerment Circle, Homeplate Youth Services, and Community Vision. This informed the design of Elmonica Station's outdoor plaza space, providing an area for farmer's markets and other community activities. The community room and adjacent rooms are designed to facilitate programming requested through the PAC. Other specific design items that were informed by the PAC include the layout of the apartments, with the living room in the center of the apartments, separating bedrooms on either side, and enclosed kitchen instead of an open floor plan. Bienestar has agreed to provide resident services at Elmonica Station using their successful Community Connectors or "Promotores" model that is both highly collaborative and deeply rooted in racial equity and empowerment of residents.
Reaching Underserved Communities:	With a strong community engagement approach, all marketing efforts will be driven by the organizations currently serving on Elmonica Station's PAC. Using both a word-of-mouth campaign, as well as traditional outreach efforts, REACH expects to lease up with a diverse tenant population. By screening each applicant using the low barrier screening criteria developed to meet the FAIR Ordinance established by the City of Portland across all projects, the sponsor is dedicated to minimizing the frequent denials based on lack of rental history, credit history, income insufficiency, low-level criminal offenses, and drug possession charges that are no longer illegal under Oregon law. A MOU with Bienestar provides programs and resident services for this project.
MWESB Target:	Sponsor and general contractor, Colas Construction, are committed to reaching 35% MWESB participation, above the Region 1 requirement of 30%.
Alignment with Statewide Housing Plan:	• Equity and Racial Justice • Affordable Rental Housing
The LIFT program requires that all project sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement and engage MWESB organizations. Updated DEI agreements were signed on October 4, 2024 and October 10, 2024, by REACH Community Development, Inc. and Mercy Housing Northwest, respectively.	
Upon Housing Stability Council approval of the established conduit bond funding limit, ultimate approval will be based on conformance with OHCS underwriting standards and due diligence and is delegated to OHCS Finance Committee and the Executive Director.	

Rendering: Project Layout



Source: Salazar Architect, received September 2024

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SUMMARY			
Project Name:	Gussie Belle Commons		
City:	Salem	County:	Marion
Sponsor Name:	Green Light LLC (GLD) and Seed of Faith Ministries (SoFM)		
Management Agent:	Northwest Real Estate Capital Corp.		
Urban/Rural:	Urban	Total Units:	120
		Total Affordable Units:	120
# Rent Assisted Units:	0	Units by Size & Affordability:	8 One-BR at 30% AMI 8 Two-BR at 30% AMI 8 Three-BR at 30% AMI 22 One-BR at 60% AMI 22 Two-BR at 60% AMI 46 Three-BR at 60% AMI 6 Four-BR at 60% AMI
Cost Per Unit:	$378,641	Construction Type:	New Construction
Affordability Term(s):	4% LIHTC/ Bond – 30 years LIFT – 30 years	# of Units with Non-OHCS Requirements:	N/A
Funding Request		**Funding Use**	
LIFT:	$ 17,850,000	Acquisition	$2,827,700
4% LIHTC Equity:	$ 17,802,968	Construction	$30,890,348
MEP:	up to $ 190,583	Development	$11,718,894
Conduit Bond Request:	up to $24,150,000	Total:	$45,436,942

PROJECT DETAILS	
Project Description:	Gussie Belle Commons is a new construction rental development located in Salem's Northeast neighborhood consisting of nine three-story garden style residential buildings and one single-story community building. The development will be named after Gussie Belle Brown, a long-respected member of the Black community who served Salem as a pastor, nurse, and volunteer. The site design includes outdoor amenities such as a dog run, basketball court, playground, EV stations, and a full solar array. Individual unit amenities include electric forced air heating and cooling, a dishwasher, microwave, patio or balcony, on-site parking (208), and in-unit washer/dryers.

	Gussie Belle Commons and the 120 units is a phase one development of three planned phases. Construction for phase one is anticipated to begin in December of 2024.
Partnerships to Serve Communities of Color:	Green Light Development has signed a co-developer agreement with Salem-based, Black led church, Seed of Faith Ministries. SoFM has been serving the Salem community in various ways for over 25 years, creating and guiding programs to serve and shelter houseless individuals and families. SoFM has a long track record of assisting people in moving into transitional housing, utilizing partnerships across different community organizations to provide affordable housing, employment opportunities, food, daily living needs, and healthcare to best support the housing stability of residents. Additionally, Mid-Willamette Valley Community Action Agency (MWVCAA), and affiliated service provider Evergreen Community Partners (ECP) have signed memorandum of understanding agreements (MOU's) and will be engaged to provide culturally responsive resident services, based on survey feedback from residents upon lease-up. MWVCAA will provide services to assist eligible residents promoting housing stability which may include, Head Start enrollment, energy and utility services, and family case management services. These existing partnerships will be critical to bringing stability and prosperity to future residents. As the co-developer of this development team, SoFM is bringing the lived experience of their leadership in serving the Salem community to this development, both though leading outreach efforts and by coordinating resident referrals for up to 25 of these new apartment homes.
Reaching Underserved Communities:	To the greatest extent allowable under fair housing law, GLD will coordinate with SoFM for referrals for 25 units. MWVCAA will refer clients in need of affordable housing to the Property Manager and will assist clients with the application process as necessary. MWVCAA will also provide service coordination for residents whom they refer to the property and will help advocate for their clients and inform them of specific criteria as well as providing interpretation services if needed. GLD and SoFM have held listening sessions with members of the Black community in Salem and with SoFM's congregation in Salem. Since 1978, the Black incarceration rate in Oregon has increased by 79%. Early listening sessions have shown a pattern of families of incarcerated inmates moving to Salem, as it is the location of the maximum-security Oregon State Penitentiary. Families move to Salem to provide emotional support, maintain family ties, and continue with a consistent visitation schedule. The development team has heard from community members that the lived experience of the Black community in Salem is a story of enduring and persisting even with a lack of opportunity. To counter that, and in response to feedback that certain property management companies are biased against minority renters, a formal Request for

	Proposal (RFP) was issued before a property management company was selected. The interview panel included members from the SoFM community.
MWESB Target:	This project has a MWESB SDVBE participation goal of 20%
Alignment with Statewide Housing Plan:	• Equity and Racial Justice • Affordable Rental Housing

This development will need to conform to all OHCS underwriting standards. The LIFT program requires that all project sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement and engage MWESB organizations.

Upon Housing Stability Council approval of the established conduit bond funding limit, ultimate approval will be based on conformance with OHCS underwriting standards and due diligence and is delegated to OHCS Finance Committee and the Executive Director.

Rendering: Project Layout

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<table>
<tr><th colspan="4">SUMMARY</th></tr>
<tr><td>Project Name:</td><td colspan="3">Legin Commons fka PCC SE Housing</td></tr>
<tr><td>City:</td><td>Portland</td><td>County:</td><td>Multnomah</td></tr>
<tr><td>Sponsor Name:</td><td colspan="3">Human Solutions Inc. (HSI) dba Our Just Future (OJF) and
Asian Pacific American Network of Oregon (APANO) Communities United Fund</td></tr>
<tr><td>Management Agent:</td><td colspan="3">Pinnacle Property and Wakefield Management Services, LLC dba Cushman and Wakefield</td></tr>
<tr><td rowspan="2">Urban/Rural:</td><td rowspan="2">Urban</td><td>Total Units:</td><td>124</td></tr>
<tr><td>Total Affordable Units:</td><td>124</td></tr>
<tr><td># Rent Assisted Units:</td><td>20</td><td>Units by Size & Affordability:</td><td>33 studio units @ 60%AMI
28 one-bed units @ 60% AMI
46 two-bed units @ 60% AMI
17 three-bed units @ 60% AMI</td></tr>
<tr><td>Cost Per Unit:</td><td>$304,587</td><td>Construction Type:</td><td>New</td></tr>
<tr><td>Affordability Term(s):</td><td>LIHTC = 30 years
LIFT= 30 years</td><td># of Units with Non-OHCS Requirements:</td><td>N/A</td></tr>
<tr><th colspan="2">Funding Request</th><th colspan="2">Funding Use</th></tr>
<tr><td>LIFT Request:</td><td>$12,807,513</td><td>Acquisition</td><td>$3,450,000</td></tr>
<tr><td>4% LIHTC Equity:</td><td>$23,275,543</td><td>Construction</td><td>$40,133,106</td></tr>
<tr><td>Conduit Bonds</td><td>up to $32,670,000</td><td>Development</td><td>$18,461,901</td></tr>
<tr><td></td><td></td><td>Total:</td><td>$62,045,007</td></tr>
</table>

PROJECT DETAILS	
Project Description:	Legin Commons is new construction, 100% affordable housing development located in Portland. The project will consist of 124 units in one four-story residential building for households earning at or below 60% AMI. The unit mix consists of 33 studio units, 28 one-bedroom units, 46 two-bedroom units, and 17 three-bedroom units. Project amenities include a community room, wheelchair charging station, internet access, laundry facilities, rental office, playground, electric vehicle charging stations, PV solar array, battery storage, energy efficient HVAC, and ventilation systems. Legin Commons and the 124 units are a stand-alone project and not subject to a master plan development. Closing is anticipated to be December 11, 2024.

Partnerships to Serve Communities of Color:	OJF and APANO are co-developers for the project. OJF dba HSI has provided affordable housing, employment training and family support services to very low-income and homeless families throughout outer East Portland and East Multnomah County. An MOU has been executed to provide one FTE resident service coordinator. Services staff are both multilingual and multicultural with a capacity to meet the language and cultural needs of prevalent communities including Asian and Pacific Islander, African American/Black, Somali refugees, East European immigrants and Hispanic households. APANO is a culturally specific non-profit that focuses on service to Asians and Pacific Islanders is an organization deeply rooted in the Jade District neighborhood and whose mission is to unite Asians and Pacific Islanders to build power, develop leaders, and advance equity through organizing, advocacy, community development, and cultural work OJF and APANO will collaborate with LifeWorks Northwest (LWNW) to provided services including onsite behavioral health services. LWNW will assist residents in identifying potential sources of funding for services or referral to other providers.
Reaching Underserved Communities:	APANO will be a co-owner of the development and taking the lead in community engagement for the project, as well as assisting in lease up, asset management and providing input around design decisions and programming for residents. The development team conducted two community engagement meetings to introduce the initial project proposal to community stakeholders and hear their perspectives on how the development could respond to their needs and the communities they represent. The stakeholder list, representative of a much larger community, was developed in collaboration with the APANO, PCC and Bora Architects. In addition to speaking with communities' stakeholders representing surrounding communities and nearby community-based organizations, OJF engaged with its Resident Advisory Council (RAC) to provide an opportunity for tenant voice in East Multnomah County influence the development design. Their current thoughts on building design, programming and building operations have been incorporated into the current project proposal to the greatest degree possible, and their voices will be included in the regularly planned community engagement touchpoints. The development team will use outreach plans and work actively with culturally specific and responsive agencies to ensure that available units are marketed to renters facing the greatest barriers to housing in the private market. OJF and APANO Affordable Fair Housing Marketing Plan (AFHMP) targets marketing activities to American Indian/Alaskan Native, Asian, Black/African American, Native Hawaiian/Pacific Islander, Hispanic/Latino, persons with disabilities, and families with children will be finalized prior to lease-up,

	along with broad advertising strategies to reach these populations in the relevant language. Staff from OJF, APANO, and property management will also attend partner organizations' events to reach potential tenants that are least likely to apply with advertisements in locations where people already are—community centers, neighborhood newspapers, and with partner organizations.
MWESB Target:	OJF, APANO, and general contractor, LMC Construction, are committed to meeting the metro region 1 goal of 30%
Alignment with Statewide Housing Plan:	- Equity and Racial Justice - Affordable Rental Housing
The LIFT program requires that all project sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement and engage MWESB organizations.	
Upon Housing Stability Council approval of the established conduit bond funding limit, ultimate approval will be based on conformance with OHCS underwriting standards and due diligence and is delegated to OHCS Finance Committee and the Executive Director	

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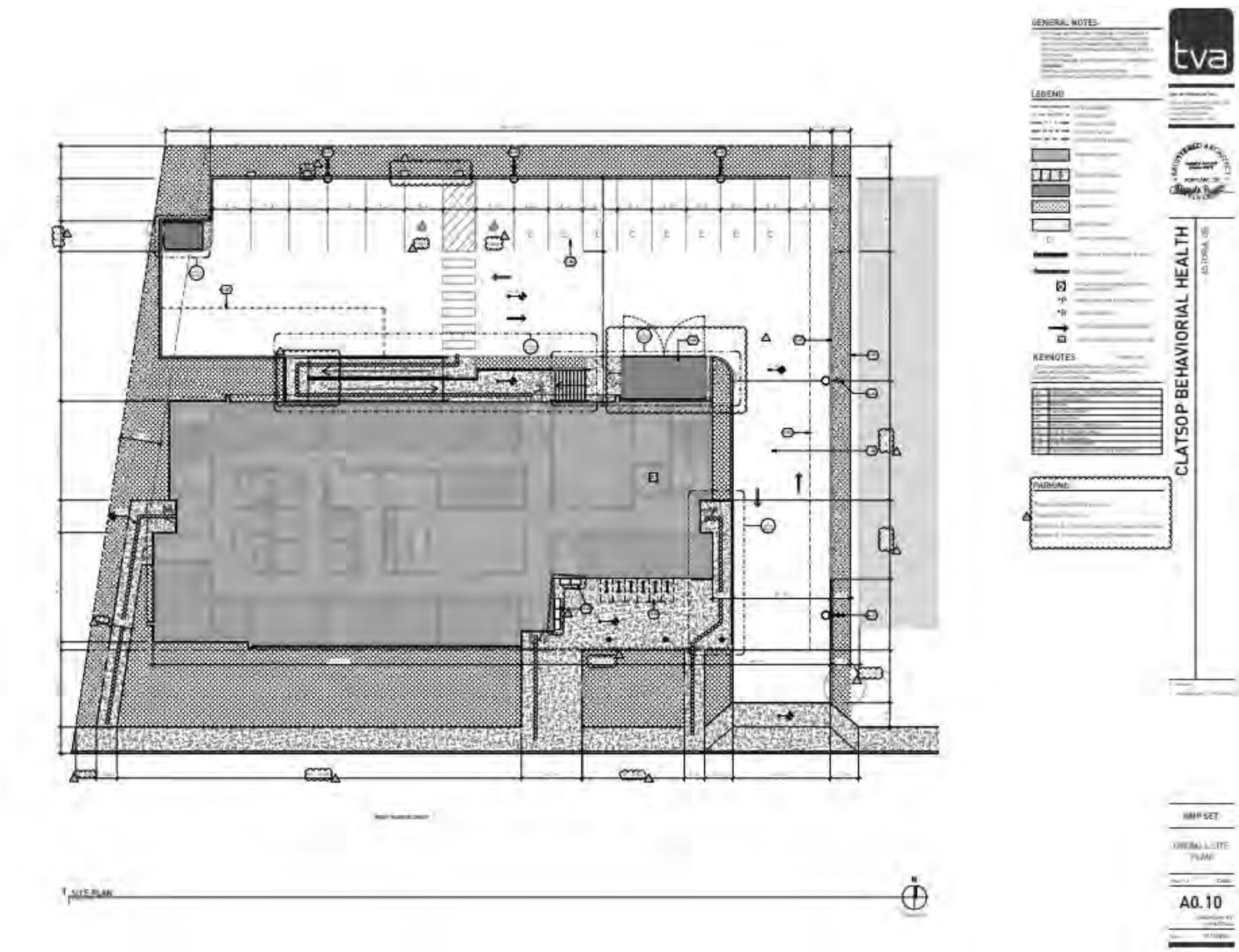
SUMMARY			
Project Name:	Marine Drive		
City:	Astoria	County:	Clatsop
Sponsor Name:	Clatsop Behavioral Healthcare and Edlen & Company		
Management Agent:	Pinehurst Management		
Urban/Rural :	Rural	Total Units:	33
		Total Affordable Units:	33
# Rent Assisted Units:	32	Units by Size & Affordability:	32 - Studio at 30% AMI 1 - 1-BR at 60% AMI
Construction Costs:	$394,929 per unit	Construction Type:	New Construction
Affordability Term(s):	4% LIHTC – 30 years PSH – 30 years	# of Units with Non-OHCS Requirements:	0
Funding Request		**Funding Use**	
PSH:	$6,144,641	Acquisition	$350,000
4% LIHTC Equity:	$6,502,214	Construction	$13,032,664
Conduit Bonds Request:	up to $10,000,000	Development	$6,328,071
		Total:	$19,710,735

PROJECT DETAILS	
Project Description:	Marine Drive is a three-story, 33-unit permanent supportive housing project located in Astoria. Marine Drive will serve houseless individuals in Clatsop County with serious and persistent mental illness. 32 units will be PSH units with affordability restricted to 30% AMI, plus one manager's unit restricted to 60% AMI. Trauma-informed design principles will be used to address the needs of the target community by creating an environment that promotes and supports mobility, compassion, and security. Clatsop Behavioral Healthcare will provide services for residents with serious and persistent mental illness. CBH will leverage their partnership with Clatsop County Public Health to ensure the organization reaches and supports those community

	members with the highest needs and that its services support the work of the County health programs. Marine Drive and the 33 units are a stand-alone project and not subject to a master plan development. Closing is anticipated to be in December 2024.
Partnerships to Serve Communities of Color:	CBH employs clinicians who identify as Native American who provide mental health and substance use services using a blend of spiritual and Western techniques to address intergenerational trauma and healing for the Native population. Clinicians will conduct outreach and engagement to Native American clients to assist with input on project trauma informed design and service planning, as well as informing the Native community about the housing opportunity. CBH offers bilingual and bicultural therapeutic services for the Latinx community. On the mental health side, CBH offers bilingual/bicultural mental health services via telehealth, which has doubled the Latinx population served. CBH will prioritize hiring housing staff who are bicultural and will foster a culture that is inclusive and welcoming. CBH will work with local organizations to prioritize intake for the Latinx population and the Native Community. Community partner, Clatsop Community Action (CCA), has made a commitment to the community to offer culturally specific services to the Latinx population. CCA has multiple Latinx staff who will offer support as well as referrals to Marine Drive. Consejo Hispano is a very small culturally specific organization in Clatsop which primarily serves the undocumented Latinx community. CBH will work with Consejo Hispano primarily for referrals and services.
Reaching Underserved Communities:	CBH works closely with Clatsop County Public Health to ensure that the organization reaches and supports those community members with the highest needs and that its services support the work of the county health programs. While this will be CBH's first permanent supportive housing project, the organization has extensive experience with housing individuals with serious and persistent mental illness including a seven-bed recovery house, three subsidized apartment units for clients and a five-bed behavioral health shelter program.
MWESB Target:	Sponsor and general contractor, Walsh Construction, are committed to reaching 20% MWESB participation, meeting the Region 2 requirement.
Alignment with Statewide Housing Plan:	• Affordable Rental Housing • Equity and Racial Justice • Homelessness • Permanent Supportive Housing • Rural Communities

The PSH program requires that all sponsors sign a Diversity, Equity, and Inclusion (DEI) agreement, and engage MWESB organizations.
Upon Housing Stability Council approval of the established conduit bond funding limit, ultimate approval will be based on conformance with OHCS underwriting standards and due diligence and is delegated to OHCS Finance Committee and the Executive Director


GENERAL NOTES
LEGEND
KEYNOTES
PARKING
tva
CLATSOP BEHAVIORIAL HEALTH
1 SITE PLAN
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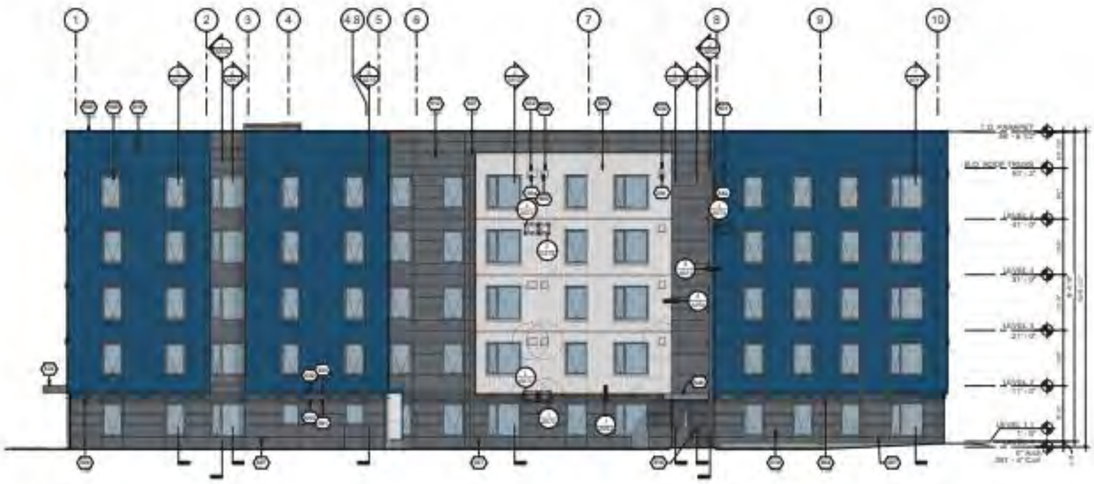
<table>
<tr><th colspan="4">SUMMARY</th></tr>
<tr><td>Project Name:</td><td colspan="3">Woodland Hearth</td></tr>
<tr><td>City:</td><td>Tigard</td><td>County:</td><td>Washington</td></tr>
<tr><td>Sponsor Name:</td><td colspan="3">Community Partners for Affordable Housing</td></tr>
<tr><td>Management Agent:</td><td colspan="3">Pinehurst Management</td></tr>
<tr><td rowspan="2">Urban/Rural:</td><td rowspan="2">Urban</td><td>Total Units:</td><td>63</td></tr>
<tr><td>Total Affordable Units:</td><td>63</td></tr>
<tr><td># Rent Assisted Units:</td><td>22</td><td>Units by Size & Affordability:</td><td>4 - Studio at 30% AMI
4 - 1-BR at 30% AMI
5 - 2-BR at 30% AMI
10 - 3-BR at 30% AMI
3 - 4-BR at 30% AMI

1 - Studio at 50% AMI
5 - 1-BR at 50% AMI
2 - 2-BR at 50% AMI
3 - 3-BR at 50% AMI

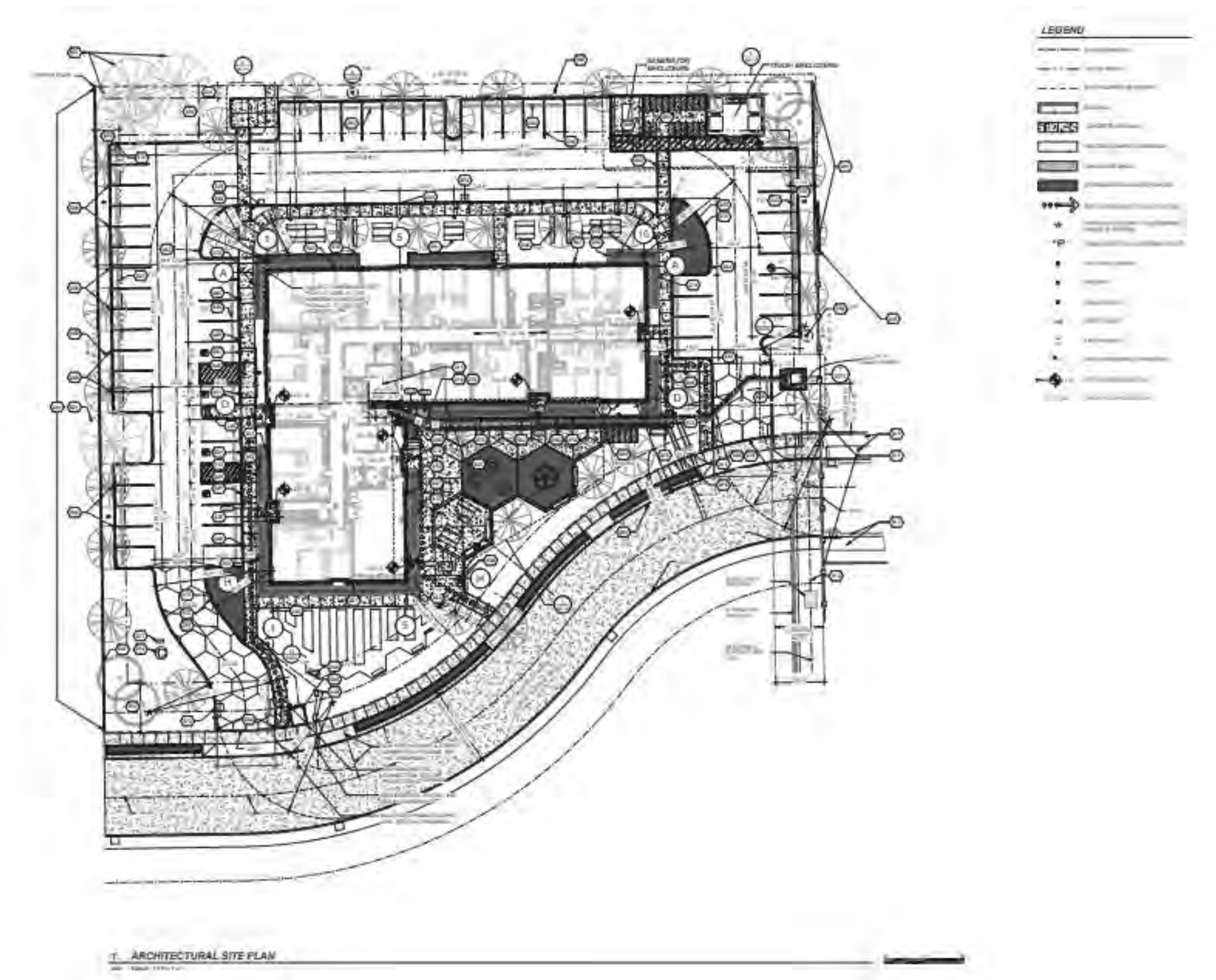
9 - 1-BR at 60% AMI
10 - 2-BR at 60% AMI
6 - 3-BR at 60% AMI
1 - 4-BR at 60% AMI</td></tr>
<tr><td>Construction Costs:</td><td>$507,666 per unit</td><td>Construction Type:</td><td>New Construction</td></tr>
<tr><td>Affordability Term(s):</td><td>4% LIHTC – 30 years
HTF – 30 years</td><td># of Units with Non-OHCS Requirements:</td><td>22</td></tr>
<tr><th colspan="2">Funding Request</th><th colspan="2">Funding Use</th></tr>
<tr><td>HTF Request:</td><td>$6,200,000</td><td>Acquisition</td><td>$1,395,100</td></tr>
<tr><td>4% LIHTC:</td><td>$15,000,000</td><td>Construction</td><td>$31,982,940</td></tr>
<tr><td>Conduit Bonds Requests:</td><td>up to $26,000,000</td><td>Development</td><td>$14,798,984</td></tr>
<tr><td></td><td></td><td>Total:</td><td>$48,177,024</td></tr>
</table>

PROJECT DETAILS	
Project Description:	Woodland Hearth is a 63-unit apartment building that will be located in Tigard. Woodland Hearth will serve formerly houseless families and immigrant communities in Tigard. The Housing Trust Fund requires that some units are restricted to 30% AMI; 19 units at Woodland Hearth will be restricted to 30% AMI to meet this requirement. Three additional units will be restricted to 30% AMI with rents subsidized by Project Based Vouchers. Woodland Hearth will feature community rooms, a greenspace and playground, parking, and a bike servicing area. Units will feature appliances, mini-split air conditioning units in each unit, and washers and dryers in 3- and 4-bedroom units. Laundry facilities will be available onsite for all residents. Woodland Hearth and the 63 units are a stand-alone project and not subject to a master plan development. Closing is anticipated to be in December 2024.
Partnerships to Serve Communities of Color:	CPAH has signed an MOU with HAKI Community Services, a Portland area non-profit whose mission is to provide East African Immigrants with humanitarian assistance. Haki will refer community members and assist with the lease up process. CPAH has signed an MOU with NARA, a Portland area non-profit that provides education, physical and mental health services and substance abuse treatment that is culturally appropriate to American Indians, Alaska Natives and anyone in need. NARA will provide client driven services, refer and support residents and families to the building. NARA will help their clients engage with services, and to access other community resources, once housed.
Reaching Underserved Communities:	CPAH has signed an MOU with Community Action, a non-profit anti-poverty agency that serves Washington County residents by eliminating conditions of poverty and creating opportunities for people and communities to thrive. Community Action will refer and support residents and families to the building.
MWESB Target:	Sponsor and general contractor, Colas Construction, are committed to reaching 30% MWESB participation, meeting the Region 1 requirement.
Alignment with Statewide Housing Plan:	• Affordable Rental Housing • Homelessness
Upon Housing Stability Council approval of the established conduit bond funding limit, ultimate approval will be based on conformance with OHCS underwriting standards and due diligence and is delegated to OHCS Finance Committee and the Executive Director	



2. SOUTH ELEVATION

1. WEST ELEVATION


LEGEND
1 ARCHITECTURAL SITE PLAN

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Date: November 1, 2024

To: Housing Stability Council Members
Andrea Bell, Executive Director

From: Amy Cole, Assistant Director, Development Resources
Roberto Franco, Deputy Director, Development Resources and Production
Natasha Detweiler-Daby, Director, Affordable Rental Housing

Re: November 2024 ORCA Funding Recommendations

Motion: Approve the funding reservation recommendations for the following projects:
• Colonia Libertad Apartments in Salem, $16,360,000 in LIFT funds and $7,200,000 in Agricultural Worker Housing Tax Credits (AWHTC) in alignment with the ORCA framework and process.
• Commons on MLK in Eugene, $510,000/year in Permanent Supportive Housing (PSH) program services funds in alignment with the ORCA framework and process.

Summary
At the upcoming Housing Stability Council (HSC) meeting, we will be presenting the Oregon Centralized Application (ORCA) funding hold recommendations for approval by the Council. These recommendations are based on projects that have met the HSC approved ORCA standards for Impact Assessment, the first step of the three-step ORCA process.

In this memo, we are providing you with a high-level summary of the recommended projects. More detailed information regarding each project can be found in the attachments following this cover memo.

Applications
In all, there are over 71 project applications actively in the Impact Assessment step of the ORCA that applicants are in various stages of completing. The projects being recommended today have met all standards for the Impact Assessment step.

These projects will add a total of 44 new units to the state affordable housing stock and provide PSH services resources for 51 existing PSH units to ensure that the units are sustainable for the long term. Rent restrictions for both projects are at 60% AMI.

Development	Location	Number of units
Colonia Libertad II	Salem	44
Commons on MLK	Eugene	51
	Total	95

Colonia Libertad II will focus on serving agricultural workers and their families. Commons on MLK will continue to serve persons experiencing chronic homelessness.

Applications were reviewed for completeness and to ensure they meet all evaluation standards that are part of the Impact Assessment step. These standards include review of the following information:

- Affirmative Fair Housing Marketing Plan (AFHMP)
- Conceptual site plan
- Construction costs
- Development team capacity
- Diversity, Equity, and Inclusion (DEI) Agreement
- Engagement and community needs
- Environmental reports
- Equity and Racial Justice strategy
- Financial proforma for Impact Assessment
- HUD requirements review
- Infrastructure readiness
- Location preferences
- Minority-owned, Woman-owned, and Emerging Small Businesses (MWESB) strategy
- Permanent Supportive Housing (PSH) standards
- Permit strategy
- Prequalification
- Resident services
- Site control
- Zoning in place

Next steps

If projects are approved for a funding reservation, they will receive a conditional commitment of funds and move to the second step in the ORCA process, Financial Eligibility, where they will have up to 6 months to complete the requirements of that step. Once the requirements of the Financial Eligibility step are met, projects will move to the third and final step, Commitment, and from there move to financial closing and project construction.

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Housing Stability Council Project Summary – Impact Assessment Application Step

SUMMARY			
Project Name:	Colonia Libertad II		
City:	Salem	County:	Marion
State House District:	17	State Senate District:	9
Sponsor Name:	Farmworker Housing Development Corporation		
Urban/Rural:	Rural	Total Units:	44
		Total Affordable Units:	43
# Rent Assisted Units:	0	Units by Size & Affordability:	15 2 BR @ 60% AMI 28 3 BR @ 60% AMI
# of Units with OHCS PSH Services Funding:	0		
Cost Per Unit:	$537,223	Construction Type:	New Construction
Affordability Term:	30 years	# of Units with Non-OHCS Requirements:	1
Estimated Funding Request			
Total OHCS Request:	$15,584,134	Total project cost:	$23,637,799

This project is currently in the Impact Assessment step and there may be changes as it progresses through the ORCA process. We recommend to Housing Stability Council the reservation of an up to amount that is the lesser of the maximum allowable subsidy or 125% of the project subsidy request, which would be $16,360,000 in LIFT resources and $7,200,000 in Agricultural Worker Housing Tax Credits for this project, with the expectation that the project retains the characteristics submitted in the Impact Assessment without substantial changes.

PROJECT DETAILS	
Project Description:	Colonia Libertad II is a proposed 44-unit project consisting of two- and three-bedroom units. The development will consist of 4 garden style buildings with 2 additional buildings to house a community room and laundry facilities. The property will also have a playground area, a community garden, and a covered futsal court.

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Anticipated closing date:	June 2026
Focus Population(s):	Agricultural workers and their families
ERJ Strategy:	FHDC is committed to advancing racial equity through comprehensive strategies and actionable steps. Their mission is to develop affordable housing, but they are also working to achieve greater equity and ensure access to essential opportunities for shelter, economic sustainability, and community engagement. FHDC holds regular internal discussions and trainings to address internal and collective biases. The organization has an equity vision document that outlines the goals and the steps to implement those goals across their housing development and supportive programming activities. They recently engaged in a series of Equity, Diversity, and Inclusion trainings with their partner organization, Evolve Workforce & Multifamily Housing. They examined their roles and responsibilities as organizations dedicated specifically to the immigrant and agricultural worker experience.
Resident Services:	FHDC's Resident Services Team will hold regular tenant meetings, conduct surveys and door-knocking to solicit feedback, and distribute resources and information to keep residents informed of upcoming events and changes at the property. Resident services will work closely with Abriendo Puertas (Opening Doors, FHDC's Asset Building Department), Evolve Workforce Development & Property Management, and Mano a Mano Family Resource Center to help residents access rent and utility assistance to prevent evictions, comply with property management notices, and build intergenerational family wealth to help break the cycle of poverty. FHDC's Resident Services Coordinators have received the Eviction Prevention Certification training through NeighborWorks, providing them with the tools and skills necessary to help tenants with housing retention crisis management. While working to ensure tenants' basic needs are met, resident services and property management will also make sure that tenants are aware of available opportunities such as financial fitness classes, credit building, micro enterprise, after-school youth programs and homeownership counseling through outreach and notices.

	FHDC Resident Services have several in-house programs for tenants. These include: • La Escuelita (The Litle School) afterschool program serving 30 to 45 youth twice a week with homework club, cultural enrichment & intercultural competence activities. • El Cafecito (Coffee Time) FHDC meets once a month for two-hours to provide educational workshops, access to community resources, personal development opportunities and skill building.
Location Preferences:	The property is located on the outskirts of south Salem near agricultural employment. The site is also adjacent to Bill Riegel City Park.
Alignment with Statewide Housing Plan:	• Rural • Affordable Rental Housing • Equity and Racial Justice

Colonia Libertad II

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Housing Stability Council Project Summary – Impact Assessment Application Step

SUMMARY			
Project Name:	The Commons on MLK		
City:	Eugene	County:	Lane
State House District:	13	State Senate District:	7
Sponsor Name:	Homes for Good		
Urban/Rural:	Urban	Total Units:	51
		Total Affordable Units:	51
# Rent Assisted Units:	51	Units by Size & Affordability:	51 Studios at 60% AMI
# of Units with OHCS PSH Services Funding:	51		
PSH Services Cost Per Unit:	$10,000/year	Construction Type:	N/A
Affordability Term:	30 years	# of Units with Non-OHCS Requirements:	51
Estimated Funding Request			
Total OHCS Request:	$510,000/year	Total project cost:	$N/A

This project is currently in the Impact Assessment step and there may be changes as it progresses through the ORCA process. We recommend to Housing Stability Council the approve Permanent Supportive Housing program services funding of $510,000 per year in PSH Services resources for this project.

PROJECT DETAILS	
Project Description:	The Commons on MLK was initially funded in 2018 with Mental Health Housing Funds, HDGP & 4% LIHTC, they received substantial one-time investments from healthcare partners that have now expired or are expiring soon so the project is working to identify long term services funding through OHCS.

	The Commons on MLK is a 51-unit project, all of which are studios prioritized for individuals experiencing chronic homelessness. The Commons on MLK was designed using trauma informed design principles. The primary goal of The Commons on MLK is to provide supportive housing, through a housing first and harm reduction model, to chronically homeless members of the community. Amenities include private bathrooms and kitchenettes, common areas, on-site laundry, a 24/7 reception/help desk and meeting rooms and offices for program and support delivery. The location of The Commons on MLK was intentionally selected due to its proximity to Lane County Behavioral Health clinic, located directly next door and ease of access to the city center through either the bus with a stop directly in front of the building or through the bike path that links a large city park across the street to the downtown corridor where most services are located. A large grocery store is also located just over a mile away.
Anticipated closing date:	N/A this project is already in operation and no capital funds are requested. A contract for services with Homes for Good will take approximately 2 months to complete.
Focus Population(s):	Chronically homeless households who have been identified through Lane County's Coordinated Entry. Prioritization is given to those on the FUSE list that have been homeless the longest, utilize the most resources (emergency rooms, crisis service systems, and criminal justice system, as identified through the FUSE Initiative), and have been assessed to have the highest vulnerability.
ERJ Strategy:	Homes for Good is engaged in embedding diversity, equity, and inclusion practices into all layers of its programming, policies, procurement, and its service model. They are driven by the goals laid out in their Strategic Equity Plan, which infuses their Diversity, Equity & Inclusion goals into a larger strategic plan for the Agency to make sure all efforts are steering them in the direction of more equitable & inclusive services, communities and work environment. Homes for Good has developed a Language Access Plan (LAP), utilizes a Language Line translation service and employs 9 bilingual (Spanish speaking) staff in an effort to bridge the language and cultural barriers that have historically been a hindrance in accessing services. Homes for Good staff composition has become increasingly reflective of the populations they serve and of the broader community. Homes for Good recognizes the importance of culturally competent staff and gives hiring preference to those with lived experience and have received grants to send

	staff and residents through Peer Support training. In response to recent incidents of hate and bias in housing communities, specifically in PSH, Homes for Good has developed a Hate and Bias Toolkit for staff that provides guidance, tools and resources for staff to respond in these situations by providing education and appropriate support to both perpetrators and victims. Staff also complete annual Bystander Intervention and Trauma Informed Cultural Humility training that help provide the tools needed to support an inclusive approach to our housing services. Homes for Good completes an annual racial disparity analysis for The Commons on MLK with data from 2023 showing that BIPOC populations have a similar housing stability success rate (75%) compared to those who do not identify as BIPOC (74%). Additionally, referrals for this project come through Lane Count Coordinate Entry and Lane County both of which conduct a racial disparity analysis each year to identify any disparities by race in access to housing and homelessness services, as well as performance outcomes. The report then informs a Racial Equity Plan to target specific programs or areas of improvement.
Resident Services:	A PSH Supervisor, two Resident Services/Peer Support Specialists and a team of PSH Case Managers (12:1 case management ratio) work with residents in a team-based approach and support residents in developing goals and plans to support housing stability and achieve optimum quality of life. This team includes a Certified Recovery Mentor, a QMHA and an Adult Mental Health Peer Support Specialist. They work together to address multiple areas of residents' lives through methods that support resilience, increase self-esteem, address needs, increase skill, break down barriers in access, and enhance life quality. Residents will have the opportunity to stabilize in housing, make positive life choices, and increase independent living. The service team will work to develop linkages in the community to resources, employment and educational services. Residents will have opportunities to increase self-sufficiency, build capacity, and enhance their quality of life.
Location Preferences:	N/A- this project is not receiving development capital
Alignment with Statewide Housing Plan:	This project supports statewide the Statewide Housing Plan by adding a sustainable resource for supportive services to an existing Permanent Supportive Housing development, which addresses chronic homelessness.

The Commons on MLK

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Date: November 1, 2024

To: Housing Stability Council Members
Andrea Bell, Executive Director

From: Amy Cole, Assistant Director, Development Resources
Mitch Hannoosh, Senior Policy Analyst, Affordable Rental Housing
Natasha Detweiler-Daby, Director, Affordable Rental Housing

Re: Introduction of ORCA and LIHTC updates for 2025

In this memo, we work to review the key updates to both ORCA as well as to incorporate LIHTC into the ORCA as is further detailed in the 9% LIHTC and 4% LIHTC frameworks that follow this memo.

Last month, we previewed the draft framework posted for public engagement related to incorporating the 9% LIHTC and 4% LIHTC programs into the ORCA process. Since the October 2024 Housing Stability Council meeting, the Affordable Rental Housing Division has conducted broad engagement, building off a productive session at the Housing Oregon Industry Conference in late September.

We held a virtual engagement session on October 8 to discuss the proposed criteria and process to apply for 9% LIHTC. We then held a virtual engagement session October 9 to discuss the draft process to apply for 4% LIHTC. Both meetings were well attended with over 100 partners at each session. During each session, we utilized small group breakout rooms and Easy Retro Boards to collect feedback on specific questions, and hear about concerns. In addition, we distributed a survey to gather feedback about proposed subsidy limits and we received 6 completed surveys over the month it was open. Other engagements in October include focus group discussions with Participating Jurisdictions, and Metro, as well as the Tribal Housing Workgroup.

Following this memo are:

1- Key Themes from Engagement
2- Detailed 9% LIHTC ORCA Implementation Framework
3- Detailed 4% LIHTC ORCA Implementation Framework

Oregon Centralized Application (ORCA)

As we implemented the ORCA we committed to ongoing evaluation and identification of unintended impacts from our policies or processes. Based on this work, and the performance through ORCA to-date, we are recommending a few deliberate updates to our approach in the 2025 ORCA in addition to those associated with incorporating LIHTC which is included in the detailed frameworks that follow this memo. These updates to the ORCA framework elements are:

Set-Asides:

- Current set-aside: 25% Culturally Specific Organization and Nonprofit organizations building in rural communities:
    - **Update set-aside: 20% Culturally Specific Organization**
    - **Update set-aside: establishes a Target that 50% of Projects funded through ORCA are located in Rural Communities.**
        - By doing this, we are striving to ensure ongoing parity of projects across the state's urban and rural communities. This policy will allow our performance against the target to be evaluated annually and make resource adjustments for rural project funding in the next year.
        - Why: While the ORCA was initially launched with set-asides for all funding resources to have 25% of resources to be available to Culturally Specific Organizations and nonprofit organizations building in Rural Communities. However, the set-aside approach doesn't ensure regional diversity that supports rural access to funding.
- Current set-asides: applies regional set-asides across all resources
    - **Update set-aside approach: applies regional set-aside to development capital for resources that do not have prescribed eligibility.**
        - By doing this, we are striving to ensure that the Permanent Supportive Housing development funds dedicated to Supportive Housing Institute projects are able to be available to them and that Preservation funds are effectively able to be prioritized through the Preservation Framework.
        - Why: the conceptual approach to looking at all funding resources in aggregate was intended to ensure that the right types of resources could serve the communities they work best in, i.e. if there was a greater need for preservation resources in Eastern Oregon than new construction, a set aside wouldn't hinder an outsized portion of those specific resources going to that region. However, as both PSH and

Preservation have other processes to prioritize investment, including those resources within the regional set-asides has created unnecessary risk that set-asides won't be able to deliver resources where needed to meet legislative intent for those funds. By updating the approach, that risk is eliminated.

Other functional updates:

- Define our appeal process; including opportunity to remedy.
- Minimum unit standard.
- Subsidy limits bifurcated for gap-only investments vs LIHTC investments.
- Update to charges for our bond issuance for 4% LIHTC Projects; to update to market and structures of the charges to best practice.
    - Context: OHCS has not updated conduit charges in five-years and the current approach is not in line with the market nor the scale of resources; further, given the challenging financial market, retaining the current up-front charge structure serves as an impediment. OHCS will incorporate a formal public comment process related to the charges, and bring back the final recommendation for adoption.

Low Income Housing Tax Credits

The updated frameworks included in the introduction this month to Housing Stability Council incorporate several updates in response to insights gleaned from the conversations.

Below is a selection of the more significant updates made in response to things we heard through our engagement.

More intentionally prioritize Culturally Specific Organizations for funding in 9% LIHTC

<u>In response</u>: The existing set-aside framework relies largely on the regional set-asides in closer alignment to the prior Qualified Allocation Plan (QAP), and combines Culturally Specific Organizations with nonprofits developing in rural areas as an "off-the-top" set-aside. To more intentionally ensure that resources are going to CSOs, OHCS is proposing an updated set-aside structure that will separate CSO into their own ORCA set-aside

and move priority for rural into the geographic regions to support greater diversity of urban and rural within the regions themselves.

CHART SHOWING THE PROPOSED RESOURCE SET-ASIDES FOR 2025 ORCA UPDATE AND 9% LIHTC

More intentionally prioritize policy and initiatives related to 9% LIHTC Project Selection

In response: Added a new #1 tie-breaker criteria that first selects policy enriched projects. OHCS's proposed policy enriched project types are: Permanent Supportive Housing, projects with a co-located Early Care and Education (ECE) facility for families with young children, and projects utilizing either Universal or Inclusive Design methods. This means that the first group of applicants that will be considered for 9% LIHTC after screening for projects that meet the Mandatory and Supplemental Criteria to be eligible for resources, will be those policy enriched projects.

Concern from HUD HOME Participating Jurisdictions that the projects they invest HOME funds in will not be able to access needed resources, which puts their ability to deploy HOME funds within required federal timelines at risk.

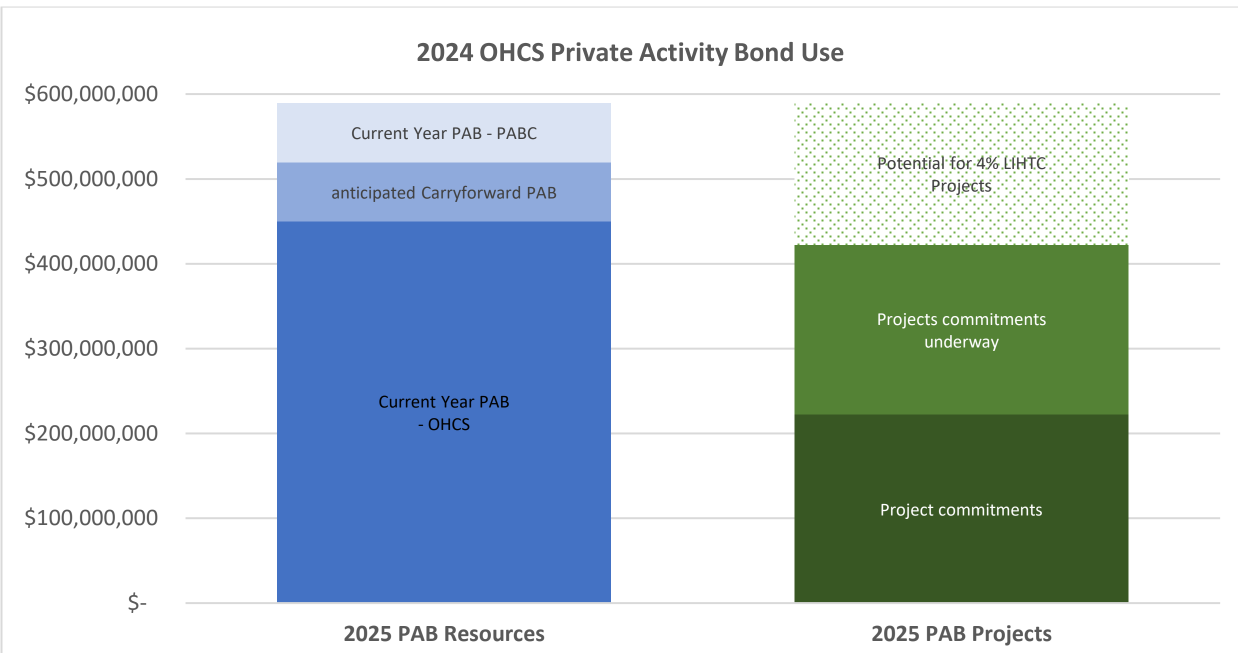
In response: Added a new #2 tie-breaker that would select the projects for funding that have HUD HOME Participating Jurisdiction resources committed to the project at the time of application. This serves to ensure significant ability for those federal resources in community to not be lost to the state; and gives controls to the local communities to prioritize coordination and impact.

Concern about the impacts of prevailing wage / BOLI related to both subsidy limits and efficient unit production tie-breaker impacts given to project resource needs.

In response: By adding the new #1 and #2 tie-breakers described above, the projects that are most likely to be impacted by those factors are considered for funding before the Efficient Unit Production tie-breaker.

Interest in being able to have projects that are ready to close in 2025 prioritized for 4% Private Activity Bonds along with gap resources.

Context: Based on the current list of projects that are on our 4% LIHTC / Conduit calendar, OHCS will have the opportunity to provide approximately $100 – $150 million of PAB for projects that can close 4% LIHTC financing in 2025.



When we begin to offer gap financing (LIFT) funds and LIHTC in early 2025, we have retained $120 million in LIFT resources to be paired with LIHTC. Of these funds, we recommend that $20 million will be eligible to support 9% LIHTC projects, leaving $100 million to be leveraged with 4% LIHTC. While that $100 million may be sufficient to fully fund projects for 2025, it will not allow for additional project pipeline in 2026 to receive funding awards.

In response: As we seek to both maximize the projects that we will be able to finance, along with wanting to ensure that we are able to fully leverage PAB resources in 2025, it will be important to take some strategic steps to support doing so. We are recommending the following strategy:

1- Free up currently conditionally committed LIFT Resources: Allow ARH to identify projects in the funded ORCA Pipeline that could reduce the LIFT funds obligated by replacing with 4% LIHTC and PAB leverage. To do this, ARH will use the flexibility granted through the ORCA process to seek to identify projects that have received an LOI from OHCS to date that would be good fits for tax credits. OHCS will then pursue an update to the funding reservation to use 4% LIHTC instead of gap-only financing. General criteria for determining this would consider:
   - Development team experience
   - Project size; high percentage of subsidy of total development cost
   - Closing timelines past the 1st quarter of 2025
2- Open ORCA to 4% LIHTC projects and to first fully commit 2025 PAB resources. Upon opening, all projects that have submitted Intake Applications and are eligible to request 4% LIHTC will be able to submit their Impact Assessment application. To ensure the 2025 PAB resources are fully committed, the only projects selected for funding recommendation in the first 2 months of opening will be those that are committing to construction closing before November 2025, until resources are no longer available.
3- Once 2025 PAB is fully subscribed, general ORCA processes for review and recommendations will continue using the standards-based assessment and readiness measurements. All 4% LIHTC projects must meet all of the same standards, timelines and expectations as other ORCA projects and commit to their closing timeline provided upfront.

Concern about losing a spot in the current Pipeline Waitlist for gap-only funding in order to apply to be considered for 9% LIHTC resources.

In response: Given that the 9% LIHTC process requires annual competition and selection process, our policy will allow the 9% project to remain on the ORCA waitlist during the 9% LIHTC selection process. So, where a project sponsors have a project that is currently on the waitlist for resources in the ORCA and are interested in being considered for 9% LIHTC selection, OHCS will allow those projects to keep their place on the ORCA waitlist while the 9% LIHTC Project selection occurs and not have it count against the two-project limit. Following project selection, if the project is selected for 9% LIHTC resources it will be removed from the other waitlist. If the project is not selected for 9% LIHTC, the project will have a choice to either wait on the 9% LIHTC back-up list, or the gap-only waitlist. This serves to ensure that there is not a disincentive to pursuing 9% LIHTC. 4% LIHTC applications do not have a annual competition process, so applicants will be required to select one application for each project to be in the ORCA for funding consideration.

QAP ENGAGEMENT: 9% LIHTC ALIGNMENT WITH ORCA

On October 8th, 2024, OHCS provided an overview of QAP changes proposed to align 9% LIHTC with the ORCA, and external partners provided feedback via EasyRetro.

Topic	Key Feedback Themes
Are there other recommendations or approaches for prioritizing Culturally Specific Organizations (CSOs)?	▪ Align 9% with ORCA set-asides and CSO definitions ▪ Prioritize community need over unit efficiency ▪ Need for capital support and technical assistance for CSOs to meaningfully participate

What feedback do you have about Mandatory and Supplemental Criteria?	▪ Workforce & Economic Impact Criteria
	  ○ Questions about applicability to Preservation projects
	  ○ Need for differentiated criteria in small communities
	  ○ Concerns about relevance to projects not targeting the workforce
	▪ Clarity & Definitions
	  ○ Concerns about subjective mandatory criteria
	  ○ Need for clear definitions for rural nonprofit and preservation set-asides
	▪ Project Evaluation Considerations
	  ○ Importance of local fund commitments
	  ○ Potential conflicts with 'efficient unit production' tiebreaker

We acknowledge that every Tiebreaker is likely to have unintended consequences. What are your thoughts on what should be prioritized?	▪ Tiebreaker ideas
	  ○ Prioritize Permanent Supportive Housing (PSH) and 30% AMI units
	  ○ Support for net zero/passive house standards in recognition of climate and decarbonization goals
	  ○ PSH, family size units, seniors, ECE, rural, and CSO
	▪ Suggestion that 9% credits are the opportunity to meet high priority policy goals; 4% credits are better suited to emphasize production

Is the proposed application process clear? Are there ideas for how to improve the application process?	▪ Some clarification needed
	  ○ Questions about data collection used for process evaluation
	  ○ Clarification needed on site control requirements for 9% applications
	▪ Feasibility concerns about 6-12 month closing timeline without predevelopment support or other assistance

Other Comments/Questions	▪ Project Prioritization Criteria
	  ○ Focus on lower income (under 30% AMI) and PSH units
	  ○ Long-term project sustainability evaluation
	  ○ Local funding considerations (e.g., HOME funds)
	  ○ Regional unit distribution
	  ○ Readiness to proceed status
	▪ Resource Structure
	  ○ Request to increase nonprofit minimum set-aside above 10%
	  ○ Questions about regional set-aside implementation and reallocation process for underspent set-asides
	  ○ Questions about existing projects needing LIHTC that already submitted Intake forms, and how that impacts “place in line” on the waitlist
	  ○ Eligibility of scattered site projects
	  ○ Process for accessing layered funding

QAP ENGAGEMENT: 4% LIHTC ALIGNMENT WITH ORCA

On October 9th, 2024, OHCS provided an overview of QAP changes proposed to align 4% LIHTC with ORCA, and external partners provided feedback via EasyRetro.

Topic	Key Feedback Themes
What clarification is needed about the proposed application process?	▪ Need additional information about process and procedures for current ORCA participants and preservation projects. ▪ Questions about first-come, first-reviewed process and handling of simultaneous submissions ▪ Questions about existence and function of tiebreakers
What is your feedback on proposed subsidy limits?	▪ Concerns about lower acquisition/rehabilitation subsidies vs. new construction ▪ Need for higher subsidy limits at lower AMI levels ▪ Questions about duration of subsidy limit establishment ▪ Questions about interaction with ORCA subsidy limits (gap-only projects) and relationship between subsidy limits and ORCA preferences
Please share feedback on timeline expectations.	▪ Concerns about external timeline issues impacting competitiveness, such as permitting and design processes.
Do you have recommendations for how OHCS should hold projects to timing and resource commitments?	▪ No recommendations provided.
As we implement the 4% LIHTC into the ORCA for the first time, what strategies should we consider to ensure we leverage all of the Private Activity Bonds that could be used to support affordable rental housing?	▪ Consider higher subsidy limits and prioritize nonprofits.
Other Comments/Questions	▪ ORCA should prioritize projects with local funding commitments ▪ Project eligibility questions (e.g., new construction manufactured home parks) ▪ Need clarity on how OHCS decides when projects are released from the waitlist and how this interacts with desire to promote readiness-to-proceed ▪ Desire for transparency around how information like key dates and milestones will be used

9% Low-Income Housing Tax Credit ORCA Application Process and QAP Update

Overview

The 9% Low-Income Housing Tax Credit (LIHTC) program is authorized by Section 42 of the Internal Revenue Service (IRS) Code. The IRS approves and accepts the Qualified Allocation Plan (QAP) which each state's Housing Finance Agency (HFA) must submit as their guiding policy document for how they will distribute the tax credits. Section 42 has requirements that every state must include as a part of their QAP, one of which is that the 9% LIHTC program must be competitive.

As OHCS has adapted its funding processes to be streamlined and less competitive through the Oregon Centralized Application (ORCA), there are several requirements from Section 42 that need to be accounted for, including this requirement to be competitive. To ensure that OHCS and the Oregon QAP are in compliance with Code but also leveraging the advantages of the new ORCA process, OHCS is proposing the process laid out in this document.

Intake and Request Form

Projects applying for 9% LIHTC resources must complete a 9% LIHTC Request Form identifying their interest. The 9% Request Form will be available for a minimum of six weeks, and the open period will be announced by OHCS through a Technical Advisory at least one month in advance of opening.

Importantly, the 9% Request Form will be used to evaluate, screen, and, if necessary, rank 9% project applications by the adopted selection criteria. While it will not include all documentation required for finalizing resource commitments, it will require more information and detail than the general ORCA Project Intake form.

Projects recommended for 9% LIHTC will still be required to meet all applicable evaluation standards in the ORCA. Commitments made regarding the character, quality, and financing of a project in the 9% selection process will be enforced during the underwriting process and beyond. Departure from those commitments will trigger reconsideration of the recommendation of the award.

OHCS staff will strive to complete the review of 9% requests within four weeks following the close of the application period.

9% LIHTC ORCA Application Process

Projects will be evaluated using the process laid out by OHCS below, and the number of projects selected will be based on available resources identified as available for that funding round. Projects will be notified of their status, and those selected to move forward into the ORCA process with 9% LIHTC will be given access to a Procorem Workcenter to begin the ORCA process's Impact Assessment.

Applicants not selected will be given the opportunity to resubmit through the standard ORCA process if they are able to restructure their project without 9% LIHTC resources or may wait and reapply the next time a 9% LIHTC funding round opens.

If 9% LIHTC are not fully allocated after all eligible projects are selected, OHCS may, at its discretion, either consider projects on a first-come first-reviewed basis or open a subsequent window or windows for acceptance of intake forms for 9% LIHTC projects following the process outlined above, until all resources are allocated to projects.

For selected applicants, all projects must meet ORCA standards and expectations, including, but not limited to, standards, timelines, and documentation. These are in addition to, not in lieu of, requirements and expectations from the Qualified Allocation Plan (QAP) and any other programmatic requirements of the LIHTC program.

9% LIHTC Resources and Set Asides

- 65% of the resources will be used for the ORCA general development set asides for Culturally Specific Organizations as well as Geographic regions.
    - Minimum of $1.5 M in each set-aside to ensure viable project funding
    - Minimum of 10% will need to be nonprofit organizations
- 25% to support Preservation
    - Rely on the preservation framework incorporated into the ORCA
- 10% to support Native Nations, which is also a dedicated set aside in the ORCA

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Any unused credits within any of these set-asides, after funding as many projects as possible within a set-aside, may be reallocated to fully fund another project at the discretion of OHCS. The ORCA will allow up to $3 million in gap funding per 9% LIHTC project.

9% LIHTC Project Criteria

In order to select projects to access 9% LIHTC through the ORCA process, OHCS will use the following criteria to create the list of projects that are eligible to be moved forward to Impact Assessment. Projects must meet mandatory threshold criteria and 3 supplemental criteria or more to meet the eligibility standard.

If the total resources requested by projects that meet minimum threshold for this evaluation is greater than the total resources available, projects will then be evaluated against tie-breaker criteria. The number of projects selected to move forward with the comprehensive ORCA application using 9% LIHTC will depend upon total resources available.

Mandatory Criteria

Must meet all of the following mandatory criteria.

Responsive to Tenant/Community Needs

1. Project includes features in the design, services, site location, or other project considerations that are tailored to the population being served (e.g. appropriate levels of supportive services for chronically homeless households, co-located ECE facility for families with young children, universal design features for older adults and people with disabilities, transportation opportunities or unique design features for veterans, unique features or access to locations of cultural significance for communities of color, etc.).
2. Project demonstrates alignment with the Oregon Housing Needs Analysis and local jurisdiction housing production strategies. Small cities without an OHNA requirement are exempt from this.

Community Needs

3. Project has supporting documentation from a local Housing Authority demonstrating that a commitment is in place to market available units to their wait list, or will rely on coordinated entry for tenant referrals.

Supplemental Criteria

Must meet three of the following supplemental criteria.

Responsive to Tenant/Community Needs

1. Project incorporates an average unit AMI of less than 50% or are including Project-Based Rental Assistance (PBRA) with their units.
2. Project incorporates a co-located ECE facility.
3. Accessible units beyond minimum code requirements.

Economic/Workforce Impact

4. Project includes features in the design, services, site location or other project considerations that provide opportunities for employment to residents and benefit to the community (e.g. co-located ECE facility for families with young children, access to community college or workforce training site, walkable access or access to transit to high job density locations).

Section 42 considerations

5. Projects demonstrate evidence of historic value for the community, including Projects using the federal Historic Tax Credit (HTC) as part of the Project financing, and are: Listed, or have been determined eligible for listing, in the National Register of Historic Places administered by the U.S. Department of the Interior in accordance with the National Historic Preservation Act of 1996; or Located in a registered historic district and certified by the Secretary of the U.S. Department of the Interior as being of historic significance to that district.
6. Projects that have formally committed to meeting the Department's Sustainability Standards which include energy efficiency expectations that exceed current State of Oregon Energy Code requirements.
7. Projects intended for eventual tenant ownership.

Organization Type

8. Lead developer is a Culturally Specific Organization and/or a rural nonprofit organization.

Tiebreakers

Projects that meet threshold for evaluation from the above criteria will be further prioritized using the following criteria, in the order listed below, with 1 being the first considered and 4 being the last, if all else all equal:

1. Policy enriched: Permanent Supportive Housing (meeting all PSH standards described in the ORCA), co-located ECE facility for families with young children, Universal Design.
2. Participating Jurisdiction: significant HOME fund leverage.
3. Efficient Unit Production: Applicants will be ranked based on the total number of credits requested per units they will be providing for their communities.
4. Average AMI: Lowest average household AMI served.

4% Low-Income Housing Tax Credit ORCA Application Process and QAP Update

Overview

Four percent Low-Income Housing Tax Credit (LIHTC) awards are not limited by the Internal Revenue Service (IRS). Private Activity Bonds (PAB), however, are a constrained resource and are required in order to generate 4% LIHTC. With this understanding, a functional limitation on 4% LIHTC exists based on the Private Activity Bond volume cap made available to support affordable rental housing development. OHCS receives an allocation of PAB from the State Legislature with the total available PAB capped at an amount determined by the IRS Internal Revenue Code Sections 146(d) (1). In addition, OHCS receives supplemental PAB allocations upon request and approval by the Oregon State Treasury Private Activity Bond Committee (OST PAB Committee).

4% LIHTC and PAB ORCA Application Process

The following overviews the process for requesting 4% LIHTC and PAB through the Oregon Centralized Application (ORCA). All projects must meet ORCA standards and expectations, including, but not limited to, standards, timelines, and documentation. These are in addition to, not in lieu of, requirements and expectations from the Qualified Allocation Plan (QAP) and any other programmatic requirements of the LIHTC program.

Intake Process

Projects applying for 4% Low Income Housing Tax Credits (LIHTC) resources, with or without state subsidy requests, must apply through the agency's Oregon Centralized Application (ORCA) process and designate their application as a 4% LIHTC request by selecting that option in their ORCA Intake Form. OHCS does not guarantee the award or recommendation of a 4% LIHTC allocation, and subsequent PAB allocation, based solely on this Intake Form designation, but in general, any Intake Form that does not request 4% LIHTC will not be considered for a PAB allocation.

When OHCS announces the availability of 4% LIHTC, project sponsors with submitted Intake Forms or who submit Intake Forms after the announcement will be given access to a Procorem

Workcenter to begin the ORCA Impact Assessment step. The Intake Form submission should also indicate the amount of gap resources the applicant intends to request. OHCS will determine the appropriate gap resources to assign to the project based on the project design, location, gap resource availability and other factors.

Project Selection

Projects will apply and be evaluated according to the standards laid out in the ORCA process, and the number of projects selected will be based on available PAB volume cap, and corresponding gap resource availability. Through the ORCA, PAB will be tracked and allocated based upon a first complete first reviewed process and in alignment with the estimated closing date of the project as provided by the applicant.

OHCS will steward and strive to strive to maximize the leverage of the state's Private Activity Bond authority that is made available to affordable housing investments. The project selection process for the 4% LIHTC / PAB projects will rely on the ORCA process and readiness requirements. However, where there is a risk that OHCS will not be able to substantially commit all available PAB to projects in a given year, OHCS reserves the right to reassign resources within the funded pipeline or direct resources to projects on the ORCA waitlists based on the development timeline. This PAB Timeline Prioritization will establish criteria that will be applied to identify best-fit projects that have been reviewed in the Impact Assessment and are on an ORCA waitlist.

2025: Given the current pipeline of projects that will use PAB, OHCS estimates approximately $150 million could be available to support 4% LIHTC Projects and has a limited pool of approximately $100 million in LIFT funds available. As such, OHCS recommends establishing a PAB Timeline Prioritization upon initial opening of the resources through the ORCA.

1- Reassign Resources: From the current ORCA pipeline of projects with commitments that are reliant solely on gap funds, OHCS will identify projects that could be a good-fit for using the available PAB resources in 2025. These projects will also need to return a portion of the committed gap financing. General criteria for determining this would consider:
   - Development team experience;
   - Project size;

- High subsidy ratio;
- Closing timelines past the 1st quarter of 2025.

2- Prioritize Timing: After pipeline resource reassignment is completed, and for two months after the ORCA application is opened to 4% LIHTC projects, OHCS will only move projects forward for funding recommendation where there are commitments construction close before November 2025, until 2025 resources are no longer available.

3- ORCA Pipeline: Once 2025 PAB is fully subscribed, general ORCA processes for review and recommendations will continue using the standards-based assessment and readiness measurements.

All 4% LIHTC projects must meet all of the same standards, timelines and expectations as other ORCA projects and commit to their closing timeline provided upfront.

Private Activity Bond Resource Management

PAB resources to support housing will be based on dedicated resources from the Legislative Bond bill along with applications to the state Private Activity Bond Committee for both Current Year and Carryforward resources.

In managing the states' Private Activity Bond resource investments to support housing, OHCS will work annually with the Housing Authorities of Oregon to establish a Housing Authority Owned (HAO) PAB Set-Aside. This HAO PAB Set-Aside will be eligible for projects that are owned by Housing Authorities and do not require any state loan or grant funding, as defined below. These resources will be held for that following year; unused resources that are not requested within the timelines will be offered through the ORCA. Housing Authorities may choose to issue the bonds for HAO Projects where sufficient capacity is demonstrated and within OHCS suballocation policies. Housing Authority sponsored projects that request gap funding and 4% LIHTC through the traditional ORCA application will not count against the HAO set-aside.

Every year by February 28th (year 0), Housing Authorities will provide OHCS with:

1) HAO Project list for the subsequent year's (year 1) PAB resource needs; these projects will be required to submit full applications and ORCA process requirements;
2) HAO future pipeline for the following year (year 2) which will be used to support the determination of the needed HAO set-aside, and will be considered by OHCS alongside

state resource needs; these projects will be submitted through the ORCA intake within a year.

Housing Authority Owned (HAO) definition:

1) Required:
   a) Site control including Housing Authority or county owned land;
   b) 51% or more ownership interest and control of the General Partner or Managing Member entity
   c) For the purposes of PAB: Project does not require state loan or grant funding.
2) Must meet One:
   a) A loan or contribution of either cash or value representing the lesser of at least 10% of total sources or $2 million, including but not limited to seller financing in a rehab/resyndication, a sponsor loan, a land lease loan, and/or a land lease contribution.
   b) Federal, state, or locally-provided project based rent assistance for the lower of 15 units or 15% of units.

2026: HAO PAB Set-Aside will be $100 M and held through February 28th, 2025.

PAB Award Calculations and Commitments

To determine PAB award needs, OHCS will utilize the Total Project Cost dollar amount from the Impact Assessment proforma to make an estimate of PAB utilization (55% of the total project cost). Projects will be required to stay within 10% of their Impact Assessment fund hold totals of Private Activity Bond or may be required to forfeit their hold and re-enter the ORCA process at Impact Assessment as their project would be considered substantially different or new.

Other substantial changes that may result in loss of PAB include projects unable to remedy financial hardship within the timelines prescribed by OHCS or changes to development team and/or ownership parties.

NOTE: Changes in projects that incorporate value engineering are not considered substantial changes. Changes or delays due actions or inactions taken by local, state or federal jurisdictions are also not considered substantial changes.

Timelines and Closing Dates

Estimated closing dates are required at Intake and Impact Assessment and form the basis of a project's readiness estimation and timelines. OHCS recognizes that these dates are estimates and likely to change, however, all projects must meet the timelines associated with each step of the ORCA process or their PAB hold may be forfeited. OHCS may require timelines to move based upon a number of factors including PAB availability. Projects must close within 12 months of Housing Stability Council approval of an initial ORCA Letter of Intent from OHCS.

In the event that a project does not move forward within required ORCA timelines or does not meet required standards within the ORCA process, the PAB hold will be reallocated by OHCS.

Additional Process Information

- For selected applicants, all projects must meet ORCA standards and expectations, including, but not limited to, standards, timelines, and documentation. These are in addition to, not in lieu of, requirements and expectations from the Qualified Allocation Plan (QAP) and any other programmatic requirements of the LIHTC program.

- After Impact Assessment application evaluation, projects must receive Housing Stability Council approval for initial gap resources if such resources are needed for the project and included in the initial proforma. A Letter of Intent (LOI) will be issued based on an up-to amount for both the gap resources and PAB.

- At the Financial Eligibility step, project sponsors provide a solid, detailed proforma, with cost estimates supported by bids. The LOI will be updated with a more precise amount at this time.
  - The proforma provided at Financial Eligibility should have costs within 10% of the Impact Assessment proforma and further refine the allowable PAB.
  - Complete Tier 1 due diligence submitted by the readiness timeline requirements

- Projects may be held at the Financial Eligibility stage until closing dates are available. If a project is held by OHCS for an agency purpose, the readiness timeline requirements are suspended during that period. Once projects are moved forward into the closing stage, projects have no more than 6 months to close. Projects that do not close in the 6-month time period will be removed from the queue and must restart the ORCA process.

- Projects will need to go back to Housing Stability Council during the Commitment period to lock in the PAB rate. Once the PAB allocation is locked, any surplus can be released.

Gap with LIHTC Subsidy Limits

The subsidy limits established for this program are intended to:

- Scale according to bedroom size and AMI served;
- Respond to lower rent rates in rural communities with significantly lower AMI, which reduces the ability for projects to cover fixed costs of development;
- Include an additional building-level subsidy for projects that incorporate unique building design functions to serve the target population; and
- Allow for reasonable increases (up to 10% above subsidy limits, or in alignment with the maximum PAB cap) when projects approach the final commitment of resources, upon approval by the OHCS Finance Committee.

Note that these subsidy limits differ from those projects receiving only gap resources via the ORCA process. All projects receiving federal tax credits must adhere to the limits listed below. **Subsidy limits are outlined in the charts below.**

Additionally, OHCS will provide **up to $200,000 per project** where there is a unique, functional building need to ensure tenant life/safety/health, including spaces to meet agricultural workforce needs, accessibility factors for elderly or disabled populations, supporting children, or durability interventions. Standard amenities or community rooms do not qualify.

	Rural New Construction			
Incomes Served (based on unit restrictions; PBRA units use 30% AMI)	**Studio**	**1 bedroom**	**2 bedroom**	*+ Per-Bedroom*
30% AMI	$210,000	$240,000	$270,000	*$30,000*
40% AMI	$200,000	$230,000	$260,000	*$30,000*
50% AMI	$190,000	$210,000	$230,000	*$20,000*
60% AMI	$180,000	$200,000	$220,000	*$20,000*

Incomes Served (based on unit restrictions; PBRA units use 30% AMI)	Rural Acquisition / Rehabilitation			
	Studio	**1 bedroom**	**2 bedroom**	*+ Per-Bedroom*
30% AMI	$175,000	$195,000	$215,000	*$20,000*
40% AMI	$155,000	$175,000	$195,000	*$20,000*
50% AMI	$135,000	$150,000	$165,000	*$15,000*
60% AMI	$115,000	$130,000	$145,000	*$15,000*

Incomes Served (based on unit restrictions; PBRA units use 30% AMI)	Urban New Construction			
	Studio	**1 bedroom**	**2 bedroom**	*+ Per-Bedroom*
30% AMI	$190,000	$220,000	$250,000	*$30,000*
40% AMI	$180,000	$210,000	$240,000	*$30,000*
50% AMI	$170,000	$190,000	$210,000	*$20,000*
60% AMI	$160,000	$180,000	$200,000	*$20,000*

Incomes Served (based on unit restrictions; PBRA units use 30% AMI)	Urban Acquisition / Rehabilitation			
	Studio	**1 bedroom**	**2 bedroom**	*+ Per-Bedroom*
30% AMI	$155,000	$175,000	$195,000	*$20,000*
40% AMI	$135,000	$155,000	$175,000	*$20,000*
50% AMI	$115,000	$130,000	$145,000	*$15,000*
60% AMI	$95,000	$110,000	$125,000	*$15,000*

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DATE: November 01, 2024

TO: Housing Stability Council
Andrea Bell, Executive Director

FROM: Jessica MacKinnon, Senior Homeownership Development Program Analyst
Talia Kahn-Kravis, Assistant Director of Homeownership Programs
Keeble Giscombe, Director of Homeownership

SUBJECT: NOFA #2024-HOD LIFT & LIFT Supplemental Funding Recommendations

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Motion: Approve 2 projects for funding through NOFA #2024-HOD and 1 project increase including $12,569,620 in LIFT Homeownership funds (Article XIQ Bonds) and $445,000 LIFT Supplemental funds (General Fund).

Summary: The Homeownership Division has completed the final round of scoring for the 2024 Homeownership Development Notice of Funding Availability (NOFA) and recommends awarding the following projects:

Project	Awardee	Units	Set-Aside Eligibility	Recommended Award
Murphy Crossing 2	Thistle & Nest	74	N/A	$10,369,620 LIFT
Thompson Springs	Sammy's Place	13	Rural	$2,200,000 LIFT $400,000 LIFT Supplemental
Shortstack Milwaukie	Proud Ground	15	N/A	$45,000 LIFT Supplemental
	Total	102		$12,569,620 LIFT $445,000 LIFT Supplemental

Background
The objective of the LIFT Homeownership Program is to build new affordable homes for low-income households. With a focus on increasing housing supply, LIFT funds can only be used for new construction, and homes must be ready for sale within 36 months of receiving a funding reservation. Applicants may be awarded LIFT funding up to the value of the land plus site work/infrastructure or $200,000, whichever is lower.

LIFT Supplemental is a more flexible funding source awarded in addition to LIFT in situations where LIFT is not enough to support the required affordability. Due to the limited availability of these funds, LIFT Supplemental funding is only available to rural, emerging, and small developers, and those with a commitment to equity demonstrated through the scoring criteria up to $800,000 per entity.

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Recommendations

After careful review and collaboration among scorers and applicants, the Homeownership Division is pleased to present the following recommended projects for LIFT funding.

Murphy Crossing 2 – *Thistle & Nest*

Focusing on economies of scale and innovations in design and production to reduce cost and time, Murphy Crossing 2 will bring 74 affordable townhomes to Bend, Oregon in the next 3 years. The total project cost is $38,800,882. OHCS recommends awarding the project $10,369,620 LIFT.

Thompson Springs – *Sammy's Place*

This project, resulting from 4 years of work with DEQ and the EPA and significant pre-development work, will build 13 units using the concepts of universal design, available to people or families with intellectual/developmental disabilities (I/DD) or other disabilities. The total project cost is $5,785,946. OHCS recommends awarding the project $2,200,000 LIFT and $400,000 LIFT Supplemental.

Shortstack Milwaukie – *Proud Ground*

Due to an administrative mistake in this 2023 project's award letter, OHCS is seeking to increase this project's LIFT Supplemental award. The award letter mistakenly awarded more funding than was approved by Housing Stability Council, and Proud Ground designed the project and proforma around that amount. To prevent delays or other issues, OHCS recommends awarding an additional $45,000 in LIFT Supplemental funding.

2024 NOFA Summary

The 2024 NOFA closed on September 2, 2024. This is the final recommendation for this year's NOFA. To date, Housing Stability Council has awarded 14 projects $29,593,733 LIFT and $4,571,873 LIFT Supplemental to build 241 new affordable homes during the 2024 NOFA cycle:

Project	Awardee	Units	Award	Status
1201 E 5th St	Newberg Area HfH	2	$225,000 LIFT $175,000 HDIP	Loan Closing
Abbey Lot Townhomes	Self Enhancement, Inc	8	$1,398,127 LIFT $201,873 HDIP	Underwriting
Adams Commons	Sisters HfH	19	$3,040,000 LIFT $760,000 HDIP	Loan Closing
Breath of Life Medford	Turning Point Program	38	$5,220,000 LIFT $800,000 HDIP	Loan Closing
Duke St Townhomes	HfH Portland Region	8	$1,240,000 LIFT	Loan Closing
Hope St Project	Columbia Gorge HfH	4	$605,000 LIFT $195,000 HDIP	Underwriting
Myrtlewood Way	HfH Portland Region	20	$2,680,000 LIFT	Loan Closing
Rooted at 19th	Rooted Homes	22	$1,799,996 LIFT	Development

			$800,000 HDIP	
Rooted at Antler	Rooted Homes	18	$1,470,000 LIFT	Underwriting
Rooted at Northpoint	NWCHF	30	$2,540,000 LIFT	Withdrawn
Sisters Woodlands	Sisters HfH	4	$910,000 LIFT $40,000 HDIP	Loan Closing
Southtown II	DevNW	41	$2,015,610 LIFT $800,000 HDIP	Underwriting
Timber Cottages	Bend-Redmond HfH	13	$1,450,000 LIFT $800,000 HDIP	Development
Woodhaven Community Housing 3	Thistle & Nest	38	$5,000,000 LIFT	Development
	Total	241	$29,593,733 LIFT $4,571,873 HDIP	

Should the projects presented in this memo be approved, OHCS will have awarded almost all of the funds that were made available for homeownership development this year. Any remaining funds will be rolled over to the 2025 NOFA.

	LIFT	LIFT Supplemental
Offered in NOFA	$40,000,000	$5,200,000
Committed to Projects	$39,623,353	$5,016,873
Percent Committed	99.1%	96.5%
Units Created	298 Affordable Units	

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Housing Stability Council Project Summary – Homeownership Development

SUMMARY			
Project Name:	Murphy Crossing 2		
City:	Bend	County:	Deschutes
State House District:	54	State Senate District:	27
Sponsor Name:	Thistle & Nest		
RESCE Designation:	None	Total Units:	74
		Total Affordable Units:	74
AMI Breakdown:	15 at 60% AMI 59 at 80% AMI	Units by Size:	39 2-BR 2.5 Bath 35 3-BR 2.5 Bath
Cost Per Unit:	$524,336	Housing Type:	Townhouse Concept
Affordability Term(s):	20+20 years	# of Units with Non-OHCS Requirements:	0
Estimated Funding Request			
Total OHCS Request:	$10,369,620 LIFT	Total project cost:	$38,800,882

This project has been thoroughly reviewed by the Homeownership Development team. Staff recommends Housing Stability Council approve award and reservation of funds for the full LIFT amount.

PROJECT DETAILS	
Project Description:	The second phase of a larger development containing just over 100 units, Murphy Crossing contributes a wealth of affordable homes to Bend. Thistle & Nest is a production-focused builder that strives to build at a pace to address the affordable housing issues in Oregon. They believe that an affordable home can also be a beautiful, quality-built home and work to include many benefits including energy efficient features, solar-ready development, fenced private spaces, and bike storage. Murphy Crossing 2 will incorporate plans and processes to support the rapid development of quality homes while keeping costs low, such as contracting with a project-specific project manager, constructing plans with similar footprints, and using the innovative ReadyFrame tool that saves approximately 20% in framing time while reducing errors and waste. Infrastructure on both phases will be completed simultaneously to reduce

	time and cost, so vertical construction on these 74 units will begin shortly after project closing.
Anticipated closing date:	May 2025
Focus Population(s):	Thistle & Nest's (T&N's) outreach targets populations that have historically been prevented from realizing the benefits of homeownership. These include communities of color and non-white ethnicities, single women and women-led households, and those experiencing generational poverty (defined as a buyer's parents and grandparents never having owned a home).
ERJ Strategy:	Thistle & Nest (T&N) will employ the following methods to market homes to potential buyers from their target communities: • Alliances and partnerships- T&N is partnering with other local nonprofit organizations, business guilds or chambers, and businesses to increase outreach and engagement with their target communities. • Affordable housing fairs – These fairs include the housing providers, lenders, as well as service providers and local government jurisdictions. They provide a one-stop-shop for potential buyers in their target groups. • Social media - T&N has a digital presence on Facebook, Instagram, and LinkedIn. The nonprofit posts content in English and Spanish, and includes Latino-specific groups in the postings. • Website - Their website is available in both English and Spanish. • Physical Media – T&N volunteers post flyers on bulletin boards located in local churches, libraries, nonprofits, and other locations that their target audiences frequent. They also run English/Spanish billboards in Central Oregon. • Public Information and Open Houses – T&N books guest speaking events or meetings with multiple public groups that act as conduits to their target populations – including realtor's associations, other nonprofits, networking associations, area chambers and visitor's associations, etc. Due to the nonprofit's procurement policy and current outreach efforts, Thistle & Nest is exceeding MWESB goals in their current project in Woodhaven Estates (Woodhaven Community Housing), although the majority would qualify as MWESB but are not COBID certified. The nonprofit's general contractor is a certified WBE who has a subcontractor base comprised of

	50%-60% companies that identify as MBE, WBE, or SBE. Any new or replacement subcontracts are filled with an emphasis on outreach to MWESB qualified businesses. Thistle & Nest expects the current MWESB participation will be the same for this phase of the project and will continue to solicit contractors in these areas.
Location Preferences:	Murphy Crossing is located at the intersection of Murphy Rd and Highway 97 in Bend close to Pinebrook Plaza shopping, grocery, dining, and other amenities. The site itself includes limited commercial space including a recently completed RV Park and additional space still to be determined.
Alignment with Statewide Housing Plan:	Homeownership

Completed Homes at Thistle & Nest's Woodhaven Community Housing Development

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Housing Stability Council Project Summary – Homeownership Development

SUMMARY			
Project Name:	Thompson Springs		
City:	Nehalem	County:	Tillamook
State House District:	32	State Senate District:	16
Sponsor Name:	Sammy's Place		
RESCE Designation:	Rural	Total Units:	13
		Total Affordable Units:	13
AMI Breakdown:	13 at 80% AMI	Units by Size:	4 2-BR 1 Bath 5 1-BR 1 Bath 4 0-BR 1 Bath
Cost Per Unit:	$445,073	Housing Type:	Cottage
Affordability Term(s):	20+20 years	# of Units with Non-OHCS Requirements:	0
Estimated Funding Request			
Total OHCS Request:	$2,200,000 LIFT $400,000 LIFT Supplemental	Total project cost:	$5,785,946

This project has been thoroughly reviewed by the Homeownership Development team. Staff recommends Housing Stability Council approve award and reservation of funds for the full LIFT amount.

PROJECT DETAILS	
Project Description:	Thompson Springs will provide a welcoming culture and will reimagine housing for anyone through the principles of Universal design, creating universal access, integrated affordable housing, and independent living. Approximately half of the units provided in this development will be provided for people or families experiencing I/DD, providing a model for a community of people of all abilities living together. The units will be a mix of 2-bedroom, 1-bedroom, and studio units to enhance the choice and options for in-home support. All the units will be built so universal design can be customized later if not upon initial build. Each unit and site circulation will include wheelchair access so neighbors can freely visit one another in every unit and access the communal spaces, no matter their ambulatory status. Residents of this project will also have access to additional services through Sammy's Place, the project sponsor. Sammy's Place will connect residents

	with the COAAST Network's peer support, one of eight Oregon regional Family Networks. The COASST Network supports individuals with I/DD, and their families, to become healthy family units, stronger advocates for themselves and their children, and be active in their communities. This project is an excellent example of support from multiple agencies and programs, beginning with 4 years of work with DEQ and the EPA to clean up the brownfield on site, a pre-development and capacity building grant to develop their universal designs, and now a LIFT loan to complete construction.
Anticipated closing date:	May 2025
Focus Population(s):	Sammy's Place will focus its development on universal design and not only enable low-income households to purchase a home, but will also enable people experiencing disabilities to purchase a home that meets their unique needs. There is a broad category of underserved and underrepresented households that experience disabilities. Additionally, Sammy's Place hopes to couple additional homeownership assistance to enable homebuyers experiencing developmental and intellectual disabilities the opportunity to purchase a home. This population is drastically underserved even within the disability community. Most programs and housing are not uniquely tailored to accommodate their special needs. Sammy's Place hopes to change that at Thompson Springs.
ERJ Strategy:	Sammy's Place acknowledges the historic marginalization of people of color and its current implications of ongoing biases. The organization's commitment to understanding these inequities, prejudice, and bias is at the heart of their universal accessibility work. Sammy's Place is conscientiously working to understand and remedy the inequities for people that experience disability especially where disability intersects with additional disparities based on race, ethnicity, color, religion, sex, pregnancy, sexual orientation, gender identity, national origin, age, geographic location, socio-economic status, or genetic information. Sammy's Place has amassed a significant stakeholder list as part of this work running the Oregon COAAST Network and other educational work around universal design and accessibility. Sammy's Place will conduct initial outreach to engage this local stakeholder group to ensure the target population of persons experiencing developmental and intellectual disabilities knows of this homeownership opportunity. This will include communications via the internet, email, mail and in-person workshops to learn more about Thompson

	Springs and resources available to help a potential homebuyer through the process. The general contractor and developer will solicit MWESB/SDVBE participation through a multifaceted outreach effort including but not limited to, review of and follow up via government databases, direct outreach via the collective networks of the development, design, and construction team, publicized bid opportunities, community meet-and-greet events, and non-profit partnerships. Outreach without follow up will not be effective, so the contractor plans to actively pursue and support MWESB/SDVBE contractors who express interest by offering and hosting Q&As specifically for those groups. Given the project's smaller scale, the contractor will be able to bring in MWESB/SDVBE trade partners are often too small to participate public funded projects.
Location Preferences:	Thompson Springs is a bucolic natural site located near the Nehalem River, accessible to downtown Nehalem, the riverfront, and the local fitness and recreation center. The design will consider and flow with the natural setting of the property.
Alignment with Statewide Housing Plan:	Homeownership

Elevation Concept for Thompson Springs

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Housing Stability Council Project Summary – Homeownership Development

SUMMARY			
Project Name:	Shortstack Milwaukie		
City:	Milwaukie	County:	Clackamas
State House District:	41	State Senate District:	21
Sponsor Name:	Proud Ground		
RESCE Designation:	N/A	Total Units:	15
		Total Affordable Units:	15
AMI Breakdown:	15 at 80% AMI	Units by Size:	15 2-BR 1.5 Bath
Cost Per Unit:	$486,275	Housing Type:	Cluster
Affordability Term(s):	20+20 years	# of Units with Non-OHCS Requirements:	0
Estimated Funding Request			
Total OHCS Request:	Awarded: $1,372,500 LIFT $1,327,500 LIFT Supplemental + $45,000 Request	Total project cost:	$7,294,120

This project has been thoroughly reviewed by the Homeownership Development team. Staff recommends Housing Stability Council approve award and reservation of funds for the full request.

PROJECT DETAILS	
Project Description:	Approved for LIFT and LIFT Supplemental funding in 2023, the Shortstack Milwaukie project will deliver an innovative, replicable homeownership solution, led by a diverse team of industry experts. The project delivers 15 affordable homes in Milwaukie, through smart densification at the "missing middle" / "cottage cluster" scale. Thanks to partnership between Shortstack Developers and Proud Ground, homes at Shortstack Milwaukie will be priced for households earning between 60-80% AMI. A majority of the homes (a minimum of 75 percent) will be sold to households identifying as BIPOC. This goal is consistent with Proud Ground's strategic priority to advance equity in homeownership for communities historically excluded from homeownership. Shortstack is an innovative solution borne from a statewide housing shortage. Utilizing a replicable, panelized mass timber design and a streamlined development process across multiple sites, Shortstack aims to bring efficiency

	to the "missing middle" housing scale. Shortstack Milwaukie, the subject of this LIFT grant proposal, will be the first cottage cluster affordable homeownership product under this development umbrella.
Anticipated closing date:	Closed October 2024
Focus Population(s):	Proud Ground focuses its outreach on Households of Color, first-time homebuyers, and households with children.
ERJ Strategy:	From the 2023 application: Proud Ground's focus is to create programmatic strategies and internal policies that break down barriers preventing the BIPOC population from accessing affordable homeownership opportunities. This intentional outreach has resulted in 83% of Proud Ground homeowners being households of color in the past two years, 100% being first-time homebuyers, and 73% being households with children. In 2021, Proud Ground launched its 5-year strategic plan with a goal to create another 200 homeownership opportunities, focusing on communities of color and historically marginalized communities through the Opening Doors initiative. Over five years, Opening Doors aims to increase Proud Ground's portfolio of permanently affordable homes from 350 to 550. At least 75% of these new homeownership opportunities will benefit families identifying as Black, Indigenous, or People of Color (BIPOC). Project leaders are committed to achieving this objective for sales of the new Shortstack Milwaukie units. The Shortstack project is rooted in an ambitious and innovative development process aimed at diversification across all levels of the development, finance and construction processes. The National Association of Minority Contractors Oregon Chapter (NAMC-O) is engaged to help create their outreach and representation plan, with a goal of at least 50% utilization when including non-certified firm participation and woman- and/or minority-led teams. To date, over 70% of Shortstack's current consultant contracts (including development, architecture, engineering, civil, legal and others) are held with women-owned firms. The development team consists of three woman-owned firms: HomeWork Development, Sister City and Wild Hair. The architect Works Progress Architecture is a woman-owned business, as is the civil engineer Vega and landscape architect Studio Wild. The structural engineer is also led by a female minority Principal.

Location Preferences:	The project leverages recent up-zoning for middle housing neighborhoods and is located near amenities that working families need to thrive. The Shortstack Milwaukie location in the Ardenwald neighborhood of Milwaukie was selected based on an ideal neighborhood location for cottage cluster, affordable homes. It is well-connected to Milwaukie's thriving downtown commercial center, near good schools and major employers such as Providence Hospital, and in close proximity to the MAX light rail system with direct access to downtown Portland's employment center.
Alignment with Statewide Housing Plan:	Homeownership

Preliminary Rendering of Shortstack Milwaukie

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DATE: November 1, 2024

TO: Housing Stability Council Members

Andrea Bell, Director

FROM: Scott Shaw, Homeownership Lending Programs Assistant Director

Matthew Harris, Capital Markets Assistant Director

Keeble Giscombe, Director of Homeownership

SUBJECT: **Oregon Bond Residential Loan Program Alignment 2024**

Motion: Housing Stability Council's approval for the adoption of rules and guidelines for FirstHome and NextStep, and the implementation of the revised bond program.

Providing Down Payment Assistance (DPA) reduces one of the biggest barriers to homeownership and helps close the racial homeownership gap. Oregon Housing currently offers Down Payment Assistance (DPA) through a multitude of programs and providers in addition to our lending programs.

- IDA's - Individual Development Accounts that provide a 5:1 match or more to every $1 saved up to $20K.
- HOAP DPA – Our Homeownership Assistance Program DPA is funded by the Document Recording Fee and offered through OHCS partners.
- CRO – Using General Fund money, OHCS partners which include Culturally Responsive and Rural Organizations that grant up to 20% of the purchase price up to $90k if you combine the first-generation homebuyers DPA of $60k with $30k for first-time homebuyer DPA.

	Biennium		
Program	2021-2023	2023-2025	2025-2027*
IDA	7.0	7.5	16.9
HOAP**	4.0	10.0	0.0
CRO	10.0	0.0	45.0
OHCS Lending	10.0	7.5	25.0

* *Amounts are requested amounts.*
** *HOAP Document Recording Fee funds are estimates.*
*** *Amounts are in Millions.*

These programs have and will continue to provide deep subsidy and reach Oregonians with the greatest need. The next step is to combine a low interest rate first mortgage with DPA using our Bond Based First-Time homebuyer program as detailed in our March 1, 2024 memo, "Oregon Lending Program 2023 Highlights," where we briefed Housing Stability Council on the upcoming alignment of the Oregon Bond Residential Lending Program (OBRL) as part of the Flex Lending Program (Flex) noting the culmination of this alignment will be a seamless continuum of programs and products all in one place, all using the same platform, processes and systems.

The ultimate result of these changes will be:

- Downpayment Assistance (DPA) – DPA including our Focused Demographics DPA designed to support communities of color, will be available on all our lending products.
- Stability & Sustainability – A self-sufficient DPA loan resource after approximately 5 years.
- Reduced Barriers – Decreased Closing Costs and decreased down payment requirements.
- Increased Exposure – OHCS will be able to more than triple the number of lenders offering first-time buyer home loan products to Oregon homebuyers.
- Streamlining - All our homeownership lending products will be under one umbrella with a streamlined process flow that enhances the lender's experience ensuring the best access to the best product for each borrower and their circumstances.
- Efficiency - OHCS will be able to do more with less, resulting in more homeowners and more savings, which in turn, allows us to provide more lending subsidies (a snowball effect).

History
The Oregon Residential Bond program was established in 1977, and funded through various indentures, known since 1988 as the Mortgage Revenue Bond program. Collectively, the Department has issued 249 Series of Bonds under the indenture providing nearly $6.8 billion of home mortgage loans for low to median income Oregonians, the program has operated relatively unchanged since the inception of this indenture. With home prices rising and the restrictions placed on the Mortgage Revenue Bond program by the Internal Revenue Service (IRS), such as strict income and purchase price limits, and 1st time homebuyer restrictions, the Department developed and launched "Flex Lending", a "To Be Announced" (TBA) program, that has allowed the Department to both access the Mortgage Backed Securities (MBS) market, and expand the universe of potential homeowners, as the TBA market is not constrained by the Internal Revenue Service (IRS) restrictions.

Current Processes
The unique nature of OHCS's current whole-loan bond program presents programmatic challenges to the low to median income homebuyer with disparate rules and guidelines that diverge from normal market acceptance. The current Oregon Bond Residential Loan Program relies on the purchase of individual loans, one at a time, "whole-loans", from lenders, and contracting with multiple mortgage loan servicers to manage loan repayments. Under the current program, these repayments are not guaranteed. If borrowers do not pay, OHCS's income is interrupted as OHCS does not get paid.

Current Whole Loan Bond Structure:

- No Downpayment Assistance (DPA) – Currently the only assistance available is 3% Cash Assistance, ***which cannot be used for downpayment***, it is only for closing costs and prepaid taxes and insurance.
- Barriers – Increased Fees and Closing Costs
  - Fees Charged – Currently OBRL loans require a large amount of fees upfront. Lenders may charge up to 1.750% in origination fee +$1,000.
  - 20% Down Payment Requirement – OBRL conventional mortgages are limited to 80% LTV, meaning borrowers have to find downpayment of 20% because mortgage insurance is not available.
- Limited Exposure – Currently OHCS has 9 lenders approved with OBRL, who are on separate agreements than Flex Lenders, limiting the availability to the low to median income potential homebuyers and new lenders have not been added for several years.
- Cumbersome – Lenders who offer both Whole Loan Bond and the new Flex Lending products must manage two unique systems with varying processes and different contacts creating an experience that is overwhelming and error prone.
- Inefficient - The whole-loan process requires 4-6% of the loan balance to be held for loan loss reserves further hampering our already constrained Private Activity Bond (PAB) funds.

Best Practices of other HFA's
As State Housing Financing Agency (HFA) programs across the country have matured in the past few decades, nearly every State HFA has abandoned the whole-loan model in favor of securitizing mortgage loans into MBS and utilizing a single Master Servicer. Monthly MBS payments are guaranteed by Government Sponsored Entities (GSE) such as Fannie Mae or Freddie Mac and will flow uninterrupted to the department from the Master Servicer on a scheduled basis regardless of the underlying mortgage loan payments.

Alignment
After the proposed enhancements to the Oregon Bond Residential Loan (OBRL) Rules and Manual the resulting MBS bond structure will mirror HFA best practices. It provides DPA, reduces barriers, increases access, streamlines our systems and processes and creates efficiencies. The implementation of an MBS structure and transition to a single Master Servicer will provide the department with consistent cashflows and OHCS will no longer have to manage loan repayments, foreclosures, or deferral issues on new loans.

Aligned Product Structure:

- Downpayment Assistance (DPA) - DPA will be aligned and available to both our TBA and MBS bond products including our Focused Demographics DPA designed to support communities of color. General Fund resources have been allocated to the Department by the Legislature to fund DPA for both programs, however, this is insufficient to fully support DPA in both programs. The shift to new program offerings will also allow the Department to fund DPA using bond funds in conjunction with MBS bond loans, which will grow over time as those DPA funds are gradually repaid.
    - Opportunity for sustainability – After robust financial analysis of potential downpayment opening (described in detail later in this memo), OCHS is prepared to launch new DPA offerings using a combination of already available general funds, bond issuance premium, and borrowing against the wealth of the MRB indenture. Currently, the Department's Flex Lending program offers forgiveness on some of its DPA products, however this inherently needs to be subsidized. Given the historic wealth of the indenture, if the Department does not transfer this benefit over to the new bond based DPA, it can be self-sustaining in about 5 years without future General Fund requests beyond the 2025-27 biennium.
- Reduced Barriers – The MBS bond product will have Decreased Closing Costs and down payment requirements.
    - OHCS will align with our TBA product allowing reasonable and customary fees and costs, no longer will OHCS require 0.500% of the loan amount up front reducing the burden on homebuyers.
    - Conventional loans previously mandated a 20% downpayment will now only be required to provide 3% downpayment.
- Increased Exposure – OHCS will be able to more than triple the number more lenders offering the products to Oregon homebuyers as current Flex Lenders will be able to offer the products to their homebuyers.
- Streamlining – The streamlined process to have all products MBS based and under one umbrella will not only ensure the best access to the best product for each borrower and their circumstances, over time the redundancies in tracking loan status, payments, and foreclosures/delinquencies will reduce allowing for greater focus on programs to benefit the underserved.
- Efficiency – OHCS will use the most efficient funding mechanism available to the Department, providing borrowers the same benefit with less resources. As the agency has dedicated nearly all of its PAB Volume Cap to multifamily lending, which is necessary to pair with 4% Low Income Housing Tax Credits (LIHTC), it has limited the Agency's ability to issue tax-exempt bonds to finance the OBRL. To facilitate more lending, the Department is proposing to transition away from "whole-loan" 1st time homebuyer products to MBS based 1st time homebuyer products.

This will reduce requirements around loan loss reserves on the balance sheet because of rating agency required holdbacks, freeing up more cash for purchases over time. The Department will also gradually be able to replace cash and investment reserves with Department originated MBS', which also allows these resources to be freed up gradually as they become a larger percentage of the overall portfolio.

- As an example, on a 5% DPA mortgage loan if it were funded using a TBA sale the loan may require $10K in General Fund subsidy, however, if Mortgage Revenue Bonds were used, it would only require $8K in General Fund subsidy, naturally we will purchase the loan using Mortgage Revenue Bonds, saving $2,000 that can be used to further our mission.

These tables reflect OHCS's current and future mortgage loan programs and products.

OHCS Existing Loan Products

Program	Product	Funding Source	Loan Types	Rate	First Time Buyer Requirement?	DPA Amount
Oregon Bond Residential Loan Program	Rate Advantage	Bonds - Whole Loan	Conventional to 80%, FHA, VA, USDA	5.500%	Yes	None
	Cash Advantage	Bonds - Whole Loan	Conventional to 80%, FHA, VA, USDA	6.250%	Yes	None
Flex Lending TBA Based Lending Program	4% Standard DPA	TBA MBS	Conventional to 97%, FHA, VA, USDA	6.625% Gov't & 6.875% Conv.	No	4%
	5% Focused Demographics DPA	TBA MBS	Conventional to 97%, FHA, VA, USDA	6.625% Gov't & 6.875% Conv.	No	5%

New Flex Lending Loan Products

Product	Product	Funding Source	Loan Types	Rate	First Time Buyer Requirement?	DPA Amount
FirstHome (MBS Based Bond Products)	Rate Advantage	Best Execution - Bond or TBA	Conventional to 97%, FHA, VA, USDA	5.500%	Yes	None
	4% Standard DPA	Best Execution - Bond or TBA	Conventional to 97%, FHA, VA, USDA	6.250%	Yes	4%
	5% Focused Demographics DPA	Best Execution - Bond or TBA	Conventional to 97%, FHA, VA, USDA	6.250%	Yes	5%
NextStep (Existing Flex Products)	4% Standard DPA	Best Execution - Bond or TBA	Conventional to 97%, FHA, VA, USDA	6.500% Gov't & 6.750% Conv.	No	4%
	5% Focused Demographics DPA	Best Execution - Bond or TBA	Conventional to 97%, FHA, VA, USDA	6.500% Gov't & 6.750% Conv.	No	5%

The Process

Bringing these enhancements has involved substantial analysis, coordination, cooperation and support of OHCS Housing Stability Council, Executive Team, Flex Lending's Governance group (which include our Deputy Director, Caleb Yant; Director of Homeownership, Keeble Giscombe; Assistant Director of Homeownership Lending, Scott Shaw; Assistant Director of Capital Markets, Matthew Harris), vendors and lender partners.

The groundwork was laid beginning with the 2023 legislative session and culminating in the passage of SB 892, OHCS clarified its ability to offer DPA through the bond program. Then in the October 2023 Housing Stability Council meeting approval was granted to purchase Flex MBS into the Bond Indenture.

Subsequently, we have completed the following processes:

- Rules & Guidelines - Re-writing Rules and Guidelines, received DOJ approval, and completed rules engagement for FirstHome.
- Contracts - Amending Idaho Housing, Hilltop Securities, and Caine Mitter contracts to accommodate for the new MBS Based Bond
- REAT – Racial Equity Analysis Toolkit

- Stakeholder Engagement - Engaged stakeholders on FirstHome and sought input regarding: programmatic changes, any potential barriers, DPA structure, product names, and recommendations for future enhancements
    - Guidance Received and Recommendations Adopted:
        - Product Naming:
            - NextStep - The current Flex Lending product
            - FirstHome – The new MBS Based first time homebuyer product
        - DPA Structure – Adopt a silent second mortgage DPA that has no payments and charges no interest, to be paid upon sale or refinance for borrowers at or below 80% AMI.
- Bond Documents - Modified Department's bond offering documents to allow for the transition from whole-loans to MBS and support the idea of "best execution" for funding the Department's loans.
- Quarterly Reporting – Modified the Department's continuing disclosure reports, published quarterly, to include MBS based data within the bond indenture.
- DPA Financial Analysis – Financial Analysis of the impact of various DPA structures and their financial effect on OHCS and the program.
    - As described on page 3 of this memo, potential DPA offerings have been analyzed for optimal benefit to the most borrowers, the highest responsible borrower benefit, and sustainability with the least amount of required general fund subsidy. As a result three structures were selected for deep analysis.
        - DPA Structure 1:
            - <80% AMI – Due on Sale DPA loan for borrowers with an AMI <80% a silent second mortgage DPA loan with no payments and accrues no interest and is repayable upon sale or refinance.
            - >80% AMI DPA loan that is repayable in monthly installments
        - DPA Structure 2:
            - <80% AMI - DPA loan for borrowers with an AMI <80% a silent second mortgage DPA loan with no payments and accrues no interest and is forgiveable over time.
            - >80% AMI DPA loan that is repayable in monthly installments
        - DPA Structure 3:
            - Due on Sale DPA loan for all borrowers a silent second mortgage DPA loan with no payments and accrues no interest and is repayable upon sale or refinance.

- Results – While these scenarios appear to have minor differences the financial implications are vast.
  - Assumption 1 – Volume of thirty million dollars per month which is roughly one hundred new Oregonian homeowners and a three million dollar per year subsidy and loan volume of.
    - DPA Structure 1 takes 5yrs. to be sustainable
    - DPA Structure 2 at 10yrs. is not sustainable
    - DPA Structure 3 requires an additional 1.5yrs, has higher rates and takes an additional $1.75M in assets to sustain while also draining the bond indenture wealth to critically low levels, potentially needing ongoing subsidy to avoid credit rating downgrades resulting in higher Department borrowing costs.
  - Assumption 2 – Volume of sixty million dollars per month which is roughly two hundred new Oregonian homeowners and a three million dollar per year subsidy.
    - DPA Structure 1 takes 5yrs. to be sustainable
    - DPA Structure 2 at 10yrs. is not sustainable
    - DPA Structure 3 requires an additional 1.5yrs, has higher rates and takes an additional $7.5M in assets to sustain while, again, also draining the bond indenture wealth to critically low levels, potentially needing ongoing subsidy to avoid credit rating downgrades resulting in higher Department borrowing costs..

<u>In Process</u>

- HSC Approval of Rules and Guides for FirstHome & NextStep
- Housing Stability Council guidance on DPA Structure
- Hilltop & systems program and buildout for best execution

<u>Final Steps</u>

- The bond program will both bonds and general funds allocated to the agency for this purpose to offer both 4% and 5% DPA as second-lien due on sale loans at higher rates than the traditional bond program offerings to attract and assist more 1st time homebuyers.
- Marketing/Promotion
- Lender transition
- Testing & release

Recommendation

Recommend the adoption of DPA Structure 1 as defined in the proposed rules and guideline manuals for FirstHome and NextStep, and the implementation of the revised bond program.

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DATE: November 1, 2024

TO: Housing Stability Council
Andrea Bell, Executive Director

FROM: Talia Kahn-Kravis, Assistant Director of Homeownership Programs
Jessica MacKinnon, Senior Homeownership Development Program Analyst
Keeble Giscombe, Director of Homeownership

SUBJECT: LIFT Briefing and Program Framework

Summary: The Homeownership Division plans to release a Notice of Funding Availability (NOFA) for $40M in Local Innovation and Fast Track (LIFT) funds by January 2025. This memo provides an overview of the LIFT Homeownership program, its impact to date, issues addressed through a LIFT Workgroup, and the updated program framework.

Program Background

In the 2023 legislative session, OHCS received over $600M in Article XI-Q bonds for the biennium, $80M of which was reserved for Local Innovation and Fast Track (LIFT) Homeownership. The objective of LIFT is to build new affordable homes for low-income households. With a focus on increasing housing supply, LIFT funds can only be used for new construction and homes must be ready for sale within 36 months of receiving a funding reservation. Utilizing Article XI-Q bond funding as a source for housing development, LIFT requires the state to have an ownership or operational interest in any real property developed. For homeownership opportunities, this means projects must use a shared equity model such as a community land trust (CLT), condo, or leasehold property.

LIFT Impact to Date

Since the program's inception in 2018, OHCS has leveraged $100M in LIFT Homeownership funds to support 61 shared equity homeownership projects leading to the construction of nearly 1000 affordable homes. To date, 128 of those homes have been completed and sold, housing 330 individuals.

Of the 330 LIFT residents, the majority are female (63%), people of color (51%), and Hispanic or Latino (79%). 45% of LIFT residents are dependents. (See Table 1 for more information on resident demographics.)

Demand for the program has grown over time as nonprofit developers have learned to navigate a complex source of funds and more nonprofit developers have shifted to a CLT model.

However, despite having a 50% rural set aside in each NOFA only 18% of LIFT projects are in rural areas. The map below shows the distribution of LIFT homes by county.

Figure 1: LIFT Projects & Homes by County

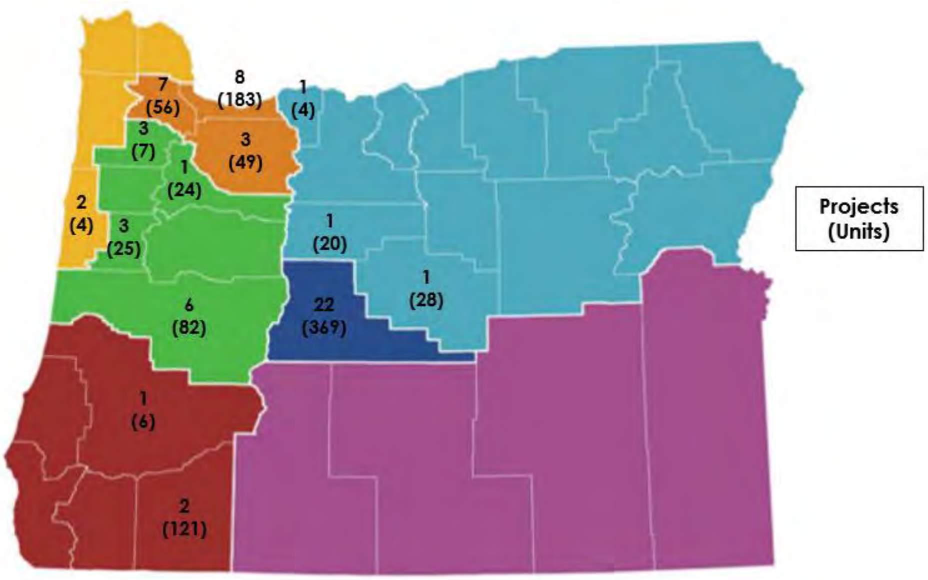


Table 1: LIFT Resident Demographics		
	n	% of responses
Total Residents	330	
Total Dependents	148	45%
Gender	139*	
Female	87	63%
Male	52	37%
Female & Head of Household	50	57%
Race & Ethnicity	200*	
Asian	57	29%
African American	42	21%
American Indian	3	2%
White	97	49%
Hispanic or Latino	158	79%

**This number represents the number of LIFT residents who responded to the question. The percentages use this number as the denominator.*

LIFT Workgroup

Since the creation of LIFT Homeownership, many homeownership developers have scaled up their operations and projects.[1] As the LIFT Homeownership program has expanded its reach, it has become apparent that LIFT Homeownership's current structure is not the most effective way to accomplish OHCS' goals of supporting development in rural areas, density in urban areas, and creating homes that meet the needs of communities that have been underrepresented as homeowners in Oregon.

Last winter, Housing Oregon activated its members seeking to address LIFT Homeownership barriers. This culminated in several meetings with OHCS staff to discuss LIFT Homeownership's constraints and the formation of a workgroup to assist OHCS in identifying and overcoming key barriers. The workgroup is facilitated by a third party and has met nearly monthly since March 2024. Its members include nonprofit developers, an attorney, a construction lender, two

[1] For instance, in 2018 OHCS funded 5 LIFT Homeownership projects with an average project size of 7 homes. In 2024, OHCS has funded 14 LIFT Homeownership projects (and the NOFA is still open!) with an average project size of 17 homes. The largest project in the portfolio is 83 homes.

network partners—Housing Oregon and Habitat for Humanity Oregon--and staff from OHCS and DOJ. The Workgroup has focused on addressing four key issues described in the table below.

Figure 2: LIFT Issues Addressed by the LIFT Workgroup

Issue	Action	Status
1. Restricting the value of the LIFT Homeownership loan to the value of the land limits the total amount of LIFT funds that may be invested in a project which especially disadvantages rural projects and disincentivizes projects that add density to areas of opportunity.	To ensure that LIFT can be used for rural and dense projects, OHCS seeks to decouple the value of the LIFT loan from the value of the land by shifting to a per home subsidy structure.	To be implemented in the 2025 NOFA if approved by Council
2. Partners have difficulty accessing construction loans with OHCS in a sole first lien position on the land.	To ensure that construction lenders can lend on LIFT projects, OHCS will allow for a shared first lien.	Implemented
3. LIFT homebuyers have limited access to mortgage products, and partners worry that the entire LIFT Homeownership project could be at risk in the case of a single home foreclosure.	OHCS and DOJ have been working to clarify OHCS' actions in the case of a foreclosure on a single home within LIFT agreements. We believe this new language will assist LIFT homebuyers in accessing a wider variety of mortgage products, including loans guaranteed by Government Sponsored Entities. This new language confirms that the entire LIFT loan will not come due if one home is out of compliance.	In progress: The new language will be incorporated into the updated templates (see below)
4. OHCS needs updated and standardized LIFT templates that can be used for each deal.	OHCS & DOJ have been working to finalize a template set.	In progress

The changes identified by the LIFT Workgroup and enacted by OHCS will improve accessibility of the program not just for developers but for households moving into LIFT homes through increased access to mortgage products. While we are still developing the template language to address issues 3 and 4, we expect to have that completed by the end of the year. The LIFT Workgroup will continue to meet through the end of the year.

Other Stakeholder Engagement

The LIFT Workgroup catalyzed structural changes to the LIFT program. In addition, OHCS sought to engage our broader network to vet changes proposed by the Workgroup and improve the way the program is operationalized. To this end, OHCS hosted a series of public engagements over the past several months including three public engagement sessions, two office hours meetings, a survey, and many one-on-one meetings with stakeholders. During these meetings, OHCS solicited feedback to vet the new subsidy structure, increase accessibility of the application process, discuss ways to mitigate program risk, and better shape the set-asides and evaluation criteria to ensure they effectively help us achieve our goals. The work accomplished through the workgroup and feedback collected during our engagement sessions shaped the LIFT Framework put forth in this memo.

LIFT Goals

The primary goals of the LIFT Homeownership program remain unchanged from prior years. LIFT program goals are to increase access to generational wealth building through homeownership by:

- Creating new affordable homeownership homes that serve historically underserved communities, especially communities of color;
- Fostering increased homeownership opportunities in rural areas and greater density in urban areas;
- Encouraging innovative, replicable, high-quality, cost-effective homes that can be built within 36 months;
- Supporting developments that:
    - reflect the needs of the communities they seek to serve through community-informed design
    - are family-sized (meaning two bedrooms and larger)
    - are energy-efficient and climate-resilient;
- Support homeownership development pipeline growth by keeping the NOFA process accessible to small, rural, culturally specific, and emerging developers.

LIFT Framework

OHCS typically offers LIFT Homeownership funds through an annual Notice of Funding Availability (NOFA) released in January. To apply, developers must fill out a detailed application demonstrating that initial planning and design work is complete, the project is feasible, the development schedule fits LIFT's 36-month timeframe, all funding is committed, and the developer has a track record and plans for supporting underserved homebuyers. OHCS made significant changes to how the program was administered last year, and based on Workgroup efforts and stakeholder feedback, we are continuing some practices (with tweaks) and changing others. The program updates, detailed below, fall into two categories: process accessibility and resource equity.

Process Accessibility

Process accessibility changes specifically support OHCS's goal of keeping the NOFA process accessible to small, rural, culturally specific, and emerging developers.

Technical Assistance & Training

Last year, OHCS shifted from a competitive NOFA to a minimum threshold approach. Applicants must meet minimum scoring criteria in six categories (see Figure 3 below) to be recommended for funding. Keeping the NOFA "non-competitive" allows staff to provide technical assistance to applicants. For instance, if an applicant is unsure if their project is eligible to apply or an application is missing something, OHCS staff can talk with applicants to help them understand LIFT eligibility criteria or ensure their application is complete.

Additionally, based on partner feedback OHCS will offer training to help applicants prepare their LIFT application. These trainings include:

- A general LIFT & NOFA Training, which dives into the LIFT program and requirements, eligibility criteria, and application processes.
- Scoring Rubric Review, which goes in-depth into the questions in the application and how they will be scored.
- Creating a Proforma 101, which will provide a basic training on how to fill out funding sources, project expenses, and other considerations that will be required with the application.

OHCS will also host regular office hours throughout the NOFA period for anyone to ask questions and get responses in real-time.

Scoring Transparency

The application consists of scoring categories with associated questions and a published rubric that shows how OHCS will award points for each question. OHCS will continue to tweak application questions and the evaluation rubric to ensure we effectively solicit the information we need to assess if a project will be successful. Last year, as part of the application, each applicant scored themselves against the rubric. This helped applicants become familiar with scoring criteria and OHCS scorers see where there may be discrepancies in perception of the project. We will continue this practice in 2025 as we believe it added another layer of understanding and transparency.

Figure 3: Minimum Threshold Categories

Development Capacity	Development Experience	Equity & Community Engagement
Applicant has the staffing and resources in place to complete the project.	Applicant has a track record of completing comparative projects or plan to partner with experienced entities (consultants, other nonprofits) to bring in needed experience.	Applicant demonstrates an active commitment to diversity, equity, and inclusion and plans to engage and support the target community throughout every stage of the process.
Financial Viability	**Project Characteristics**	**Stewardship Experience**
The project budget is detailed and realistic. The applicant has secured sufficient funding to cover costs (and unexpected costs).	The project is situated and designed to serve the community in essential ways (ex: accessibility, fire resistant materials, energy efficient building, central to key amenities, etc.).	Applicant has the necessary infrastructure and formulas and/or partnerships in place to administer the shared equity model.

Additionally, we will continue last year’s practice of having a slightly lower minimum threshold requirement per category for small, emerging, and rural applicants.

Abbreviated Application for Small Projects

During engagement sessions, partners shared that the time investment to fill out an application can be prohibitive, particularly for small developers with small projects. For the 2025 NOFA, we will pilot an abbreviated application for projects with four or fewer homes. These small projects will still have to submit all the required documentation for each scoring category but will have fewer narrative questions to answer.

Combined Oregon Affordable Housing Tax Credit for Homeownership Application

As Oregon Affordable Housing Tax Credit (OAHTC) becomes available for limited homeownership projects—Limited Equity Cooperatives and Manufactured Dwelling Parks—OHCS will create a combined application so that homeownership developers can apply for LIFT and OAHTC at the same time.

Resource Equity

Through a recent survey of partners, OHCS learned that developers are considering submitting projects for LIFT Homeownership that amount to over $100 million in application requests for 2025. Given that we are resource-constrained, OHCS is seeking to structure the NOFA in a way that ensures we distribute funds equitably and prioritize projects that meet our program goals.

Per Home Subsidies

LIFT typically serves as gap funding, aiming to cover much of the subsidy needed to make homes affordable to households with incomes at or below 80% AMI. To create better parity in OHCS’ investment in projects across the state and to attune loan size to home size, OHCS is shifting from sizing the loan based on the appraised value of the land to per-home subsidy caps. These caps will be based on the number of bedrooms in the home, with an added allocation for rural projects. The table below represents the proposed subsidies which are based on industry construction data, OHCS' internal data on LIFT Homeownership costs, and feedback from homeownership developers. Applicants must have at least one other source of funds for the project and LIFT will cover the gap to make the project feasible up to the maximum subsidy.

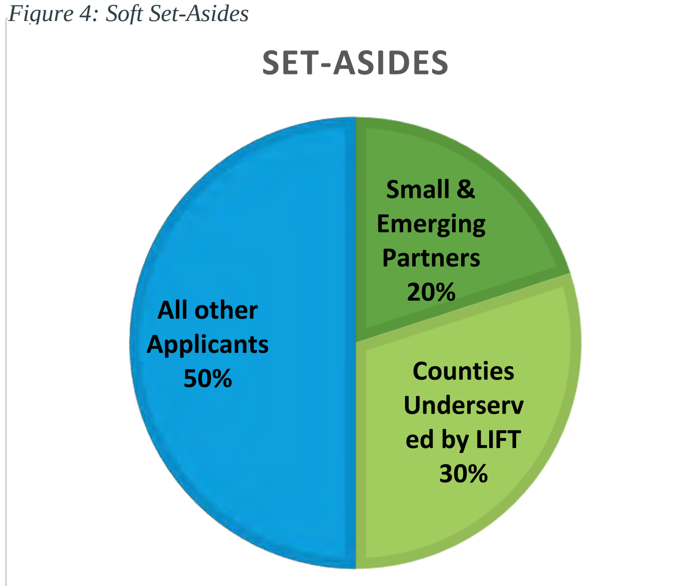
	Studio	**1 bedroom**	**2 bedroom**	**3 bedroom**	**4 bedroom**	**Additional bedroom**
Max Per-Unit Subsidy	$165,000	$175,000	$185,000	$205,000	$225,000	+$20,000
Rural	+$5,000 per unit up to $100,000					

This shift in our funding formula will, in most cases, result in deeper subsidy per project, which may mean that OHCS will fund fewer homes overall. However, we believe that this shift will make the program more worthwhile for a broader range of developers, particularly developers in rural areas, thus increasing the diversity of developers and communities served through LIFT. Additionally, to ensure that all LIFT resources aren't directed to just a few large projects we are imposing a $8M per project cap.

Soft set-asides

Figure 1 starkly shows that LIFT Homeownership funds haven't reached many eastern, southern, and coastal counties across the state. To encourage greater diversity of applicants and geographic distributions of projects, OHCS redesigned the soft set-asides for 2025: 20% of funds will be held for small[2] and emerging[3] applicants, 30% of funds will be held for "underserved counties" meaning counties with 20 or fewer homes previously funded by LIFT or HDIP, and 50% of the funds will be for all other applications. If the funds go unused by May 2025, the set-aside categories

Figure 4: Soft Set-Asides



[2] Small organization is defined as an organization with fewer than 5 total paid staff dedicated to development, management and compliance, builds no more than six homes a year on average, and is applying for a project that includes 15 or fewer homes.

[3] Emerging developer is defined as a developer that has built no more than five homes for purchase, and is applying for a project that includes 15 or fewer homes.

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will be released and all funds will be available to the broader pool of applicants.

Paced Project Reviews
In 2024 OHCS employed a first-come first-served approach. This worked with the old funding structure, but we expect more demand for funds with the new per-home subsidy structure. To ensure that OHCS is approving projects that meet our priorities, for 2025 we plan to maintain the first-come first-served approach with a few more parameters. Once we publish the NOFA, we will not accept applications for the first seven weeks. This buffer period is meant to reduce the advantage that repeat applicants experience and give applicants time to get their applications together without worrying about their place in line. Additionally, we will review one application per entity within a certain timeframe before considering a second application from the same entity. If two projects are tied, we will use our tiebreaker criteria to prioritize the project that brings greater geographical distribution of LIFT funds or more affordable homes.

Next Steps & Timeline

- November 2024
  - Ongoing collaboration with DOJ to identify project risk factors that have implications for NOFA requirements and underwriting processes
  - Submit NOFA to DOJ for legal sufficiency
- December 2024
  - Return to Council for framework approval
  - Receive legal sufficiency and finalize NOFA
- January 2025
  - Publish NOFA
  - Host initial information session and trainings
  - Host monthly NOFA office hours and provide responsive support to applicants (ongoing)
- End of February/March 2025
  - Receive and evaluate first cohort of applications
- May 2025
  - NOFA Closes to applicants
  - Recommend first batch of projects to Council
  - Release soft set-aside funds
- July/August 2025
  - Recommend final batch of projects to Council

Future Vision
OHCS' Homeownership Development programs—LIFT and the Homeownership Development Incubator Program (HDIP)—seek to increase the supply of affordable homes to work towards eliminating disparities in homeownership rates and housing stock in Oregon. The shift in the calculation of LIFT Homeownership subsidies for the 2025 NOFA will mark a large change for

homeownership developers, through which OHCS expects to learn more about the capacity of the homeownership development network.

Depending on investments from the 2025 legislative session, OHCS' Homeownership Development programs will further these goals through a multi-faceted approach to more holistically support developers throughout all phases of development. If OHCS receives HDIP funds, we will better align the Homeownership Development application process with the ARH's ORCA process so that OHCS can better track projects in the pipeline and more fluidly invest in projects throughout the biennium, rather than issuing a NOFA with firm start and stop dates. HDIP funds will enable us to provide pre-development resources and to support Tribal Homeownership projects. Additionally, we aim to bolster our technical assistance and spur mentorship opportunities to widen the pool and capacity of homeownership developers.

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DATE: November 1, 2024

TO: Housing Stability Council
Andrea Bell, Executive Director

FROM: Tacha Worth, Homeownership Tax Credit Program Analyst
Talia Kahn-Kravis, Assistant Director of Homeownership Programs
Keeble Giscombe, Director of Homeownership

SUBJECT: Oregon Affordable Housing Tax Credit for Homeownership Framework

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Summary: As directed by HB2071-A (2023), OHCS plans to expand the Oregon Affordable Housing Tax Credit (OAHTC) program to encompass lenders on Limited Equity Cooperative (LEC) projects as eligible recipients. This memo outlines a program framework for the OAHTC expansion, referred to as OAHTC Homeownership.

Oregon Affordable Housing Tax Credit Legislative Background

The Oregon Affordable Housing Tax Credit Program (OAHTC) was established in 1990 (ORS 315.097) to incentivize affordable housing development for low-income households. It encourages investment by offering state tax benefits to lenders that reduce interest rates on permanent loans to developers. The credit can go toward projects related to the construction, development, acquisition, rehabilitation, preservation, and refinancing affordable homes. Typically, the credit savings must be passed on as reduced housing payments for tenants, with preservation projects and manufactured dwelling park projects being the exception (a pass-through is not required).

To date, OAHTC has primarily been used to support multi-family rental projects. It is frequently paired with other OHCS funds including the Low-Income Housing Tax Credit (LIHTC), Local Innovation and Fast Track (LIFT), General Housing Account Program (GHAP), Housing Development Grant Program (HDGP), OHCS-issued pass-through revenue bonds, and private activity bonds. OAHTC is also available as a standalone funding source.

During the 2023 legislative session, OAHTC was amended to include Limited Equity Cooperatives (LECs) as projects eligible for OAHTC (HB2071-A). In response, OHCS is creating the OAHTC Homeownership Program to provide state tax credits to permanent lenders, enabling savings to reduce housing payments for LEC residents. This homeownership expansion will be limited to LECs and Manufactured Dwelling Parks (already an allowable use of OAHTCs) since this was the extent of what is explicitly called out in the legislation.

For the 2025 legislative session, OHCS is proposing to further expand the eligible uses for the financial passthrough from the OAHTC program to include funding supportive services for tenants. Expanding the use of OAHTC for this purpose would provide a reliable resource for these services and reduce tenant instability.

Limited Equity Co-ops

A Limited Equity Cooperative (LEC) is a residential model where owners hold shares in the cooperative rather than owning their units outright. [1] Shareholders elect a Board of Directors to manage policies and operations democratically. Each member has a proprietary lease, granting exclusive rights to a specific unit. LECs are established by nonprofits or groups of residents and can be found in various housing types, including multifamily buildings, townhomes, and mobile home parks. Instead of mortgages, shareholders pay monthly carrying charges for debt service, operating costs and reserves. Proceeds from LEC sales are capped by a formula in the bylaws, ensuring future affordability.

LECs differ from traditional cooperatives in that they prioritize affordable housing for low-income individuals, whereas other types of cooperatives can serve diverse purposes and may not focus on affordability. LECs impose income limits for share purchases, typically set at or below 80% of Area Median Income (AMI) and restrict equity appreciation based on formulas outlined in their bylaws to keep the homes affordable for future buyers.

The CLT & LEC Hybrid Model

The Community Land Trust (CLT)[2] model is one effective way to ensure that homeownership is accessible for low- to moderate-income households but requires each household to secure an individual mortgage, which many cannot obtain. In contrast, LEC residents can skip the mortgage process by purchasing shares directly through a proprietary lease[3] and pay monthly carrying charges, with the LEC handling mortgage responsibilities. CLTs and LECs are not mutually exclusive and can be combined into a hybrid model. For example, a CLT might develop a property as an LEC, allowing residents to benefit from both the land stewardship of a CLT and the cooperative ownership structure of a LEC. CLTs can ensure perpetual affordability in the

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[1] ORS 62.805 defines a Limited Equity Cooperative in Oregon as a cooperative that allows members to own housing while restricting the resale value of shares to maintain long-term affordability. The statute outlines the structure, purpose, and operational guidelines for such cooperatives, ensuring they serve low-income individuals and families.

[2] In Oregon, a Community Land Trust (CLT) is defined under ORS 93.270. A CLT is a nonprofit organization that acquires and holds land for the benefit of a community, ensuring that housing remains affordable for low- and moderate-income residents. The trust retains ownership of the land while allowing individuals to purchase or lease the housing on it, promoting long-term affordability and community stability.

3 In Oregon, a proprietary lease is defined under ORS 62.805. It refers to a leasehold interest granted to a member of a cooperative, allowing them to occupy a specific unit within the cooperative property. This type of lease typically includes rights and obligations regarding the use of the unit and participation in the cooperative's governance.

LEC model by preventing shareholders from converting to a market-rate co-op after the 20-year affordability period through land sale restrictions.

LECs in Oregon

The concept of Limited Equity Cooperatives (LECs) was introduced to OHCS through Square One Villages (SOV), a nonprofit focused on addressing homelessness with innovative housing solutions. Founded in 2012, SOV is currently completing the 70-unit Peace Village Limited Equity Co-op in Eugene, designed to serve individuals with 60% area median income or under. SOV's model involves the CLT owning the land and leasing it long-term (e.g., 99 years) to the LEC, which owns the homes. The CLT can secure a permanent blanket mortgage, either transferring it to the LEC upon sale of shares or retaining it while passing costs to the LEC as part of monthly carrying charges (see illustration by Square One Villages below).

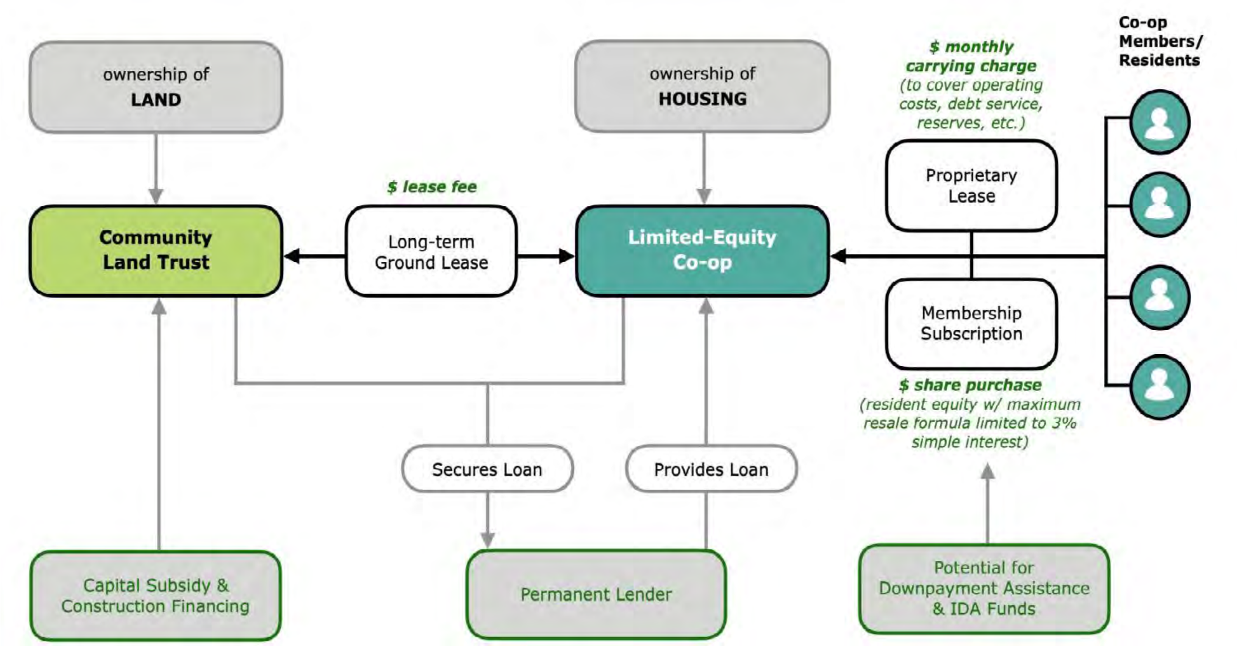

Figure 1: Graphic courtesy of Square One Villages

OAHTC Homeownership Goals and Priorities

The OAHTC Homeownership program is focused on increasing affordable housing availability for low- to moderate-income households and promoting new homeownership models. By offering tax credits to developers, it reduces financing costs and ensures housing affordability for those earning 80% or less of the Area Median Income (AMI). Ultimately, the program adds another financing tool that can be leveraged along with other funds to support sustainable homeownership and address the dearth of affordable homes in Oregon.

Stakeholder Engagement
OHCS is dedicated to supporting non-profit developers and their communities through the OAHTC Homeownership program. The Homeownership Development team held five public engagements to help shape the upcoming Homeownership Development application and received feedback on LIFT and OAHTC Homeownership. In addition, we held individual meetings with SOV and other parties interested in LECs to better understand the demand for the tax credit and programmatic needs. Additionally, we surveyed developer partners to (among other topics) assess their interest in forming LECs or applying for OAHTC Homeownership. From the survey, we learned that 42% of respondents are interested in learning more about hybrid CLT-LEC models and/or have plans to create LECs within the next five years.

Implementation
For the 2025 funding year, OHCS is allocating a soft cap of $2.5M for homeownership projects. This amount in tax credits can support up to $65 million in loans based on a 30-year amortization at a 4% interest rate. The Affordable Rental Housing (ARH) Division will continue to serve as the central administrator of the OAHTC, however, the Homeownership Division will handle applications, underwriting, and monitoring of qualified homeownership projects including manufactured dwelling park projects that are also applying for LIFT Homeownership and any LEC projects.

Similar to the current OAHTC program available to lenders through the Affordable Rental Housing (ARH) Division, the new Homeownership OAHTC program will offer state tax credits of up to 4% to lenders who agree to reduce the interest on permanent loans to LECs by up to 4% lasting up to 20 years (30 years for USDA, or preservation loans). These credits will lower permanent financing interest rates for new affordable homes targeting low- to moderate-income households earning 80% or less of the Area Median Income (AMI). All interest savings must be passed to members of the LECs to reduce their monthly housing payment costs, and OHCS will monitor evidence of the payment reduction throughout the course of the credit.

OHCS will accept stand-alone applications for OAHTC and applications from those who seek to combine OAHTC with other sources like LIFT and Homeownership Development Incubator Program (HDIP) funds. LEC and Manufactured Dwelling Park developers can apply for OAHTC through the Homeownership Development Notice of Funding Availability (NOFA) which is typically released annually in January. Applications will undergo an evaluation using the Homeownership Development criteria which includes measures related to financial viability, development team experience, development capacity, equity and community engagement, project suitability, and stewardship experience. In addition, OHCS will review the loan package from the permanent lender and confirm that the debt service coverage ratio meets OHCS's minimum ratio. This targeted underwriting approach ensures that projects align with financial and community objectives, resulting in the issuance of a Certificate of Tax Credit for the permanent loan by OHCS for escrow closing.

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Monitoring will be managed by the OAHTC Homeownership Program Analyst through annual reports from developers. These reports must detail shareholder income levels, carrying charges, and occupancy rates. Developers must also maintain comprehensive records on shareholder agreements and financials, providing OHCS access for review upon request.

Next Steps & Timeline

December 2024

- Present to HSC for approval
- Finalize Homeownership Development NOFA, and program documents
- Collaborate with OAHTC ARH Program Analyst to finalize monitoring and compliance procedures

January 2025

- Officially launch the program concurrent with the 2025 Homeownership Development NOFA
- Provide guidance and support for applicants navigating the tax credit process

Ongoing

- Receive and evaluate incoming applications
- Host monthly office hours to answer applicant questions related to OAHTC Homeownership