Housing Stability Council

MEETING MATERIALS PACKET

Cedar Rising Apartments
Beaverton, Or

December 6, 2024
9:00 a.m. – 11:45 a.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

December 06, 2024 9:00 a.m. – 11:45 a.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 • ORCA Recommendations: *Amy Cole, Assistant Director Development Resources; Roberto Franco, Deputy Director Development* o Blossom Garden Apartments o Cesar o Columbia View Apartments o Rimrock Court Cooperative o Rosemont Court o Sierra West Apartments o Surfside Mobile Village o Willow Park Apartments • LIHTC and ORCA update and Introduction of Conduit Charges: *Kelso Brasunas, Senior Financial Strategy Analyst Affordable Rental Housing; Natasha Detweiler-Daby, Director*		Decision Briefing
10:25	**Break**		
10:40	**Homeownership Division (pg. 38)** *Keeble Giscombe, Director of Homeownership Division* • LIFT Homeownership 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
11:45	**Meeting Adjourned**		

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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OREGON HOUSING & COMMUNITY SERVICES
HOUSING STABILITY COUNCIL

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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Date: December 6, 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: December 2024 ORCA Funding Recommendations

Motion: Approve the funding reservation recommendations for the following projects:

- **Blossom Gardens Apartments in Salem, up to $29,400,000 in LIFT in alignment with the ORCA framework and process.**
- **Cesar in Portland, up to $5,905,694 in Permanent Supportive Housing (PSH) Capital funds in alignment with the ORCA framework and process.**
- **Columbia View Apartments in Cascade Locks, up to $2,498,845 in preservation resources in alignment with the ORCA framework and process.**
- **Rimrock Court Cooperative in Madras, up to $2,800,000 in Manufactured Dwelling Park Preservation resources and $1,093,435 in Oregon Affordable Housing Tax Credits (OAHTC) in alignment with the ORCA framework and process.**
- **Rosemont Court in Portland, up to $4,650,000 in Portfolio Stabilization Program (PSP) funds in alignment with the ORCA framework and process.**
- **Sierra West Apartments in Hillsboro, up to $13,175,000 in preservation resources in alignment with the ORCA framework and process.**
- **Surfside Mobile Village in Newport, up to $2,118,532 in Manufactured Dwelling Park Preservation resources and $1,122,988 in Oregon Affordable Housing Tax Credits (OAHTC) in alignment with the ORCA framework and process.**
- **Willow Park Apartments in Forest Grove, up to $10,350,000 in preservation resources 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 64 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 137 new units to the state affordable housing stock and preserve 213 affordable units and 71 manufactured dwelling park spaces ensuring that the units and spaces are affordable for the long term. Rent restrictions for apartment developments range 30% AMI-60% AMI and manufactured parks are required to have at least 60% of tenants with incomes at or below 80% AMI at acquisition.

Development	Location	Number of units
Blossom Gardens Apts.	Salem	90
Cesar Apts.	Portland	47
Columbia View Apts.	Cascade Locks	12
Rimrock Court Cooperative	Madras	38
Rosemont Court	Portland	100
Sierra West Apts.	Hillsboro	56
Surfside Mobile Village	Newport	33
Willow Park Apts.	Forest Grove	45
	Total	**421**

Blossom Gardens will focus on serving refugee families. Rosemont Court focus on serving seniors. Cesar will serve chronically homeless households. Columbia View Apartments will serve low-income tenants and families. Sierra West and Willow Park will focus on serving Latinx and immigrant-headed households. Rimrock Court Cooperative and Surfside Mobile Village projects will preserve manufactured parks for low-income homeowners that live there.

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:	Blossom Gardens		
City:	Salem	County:	Lane
State House District:	22	State Senate District:	11
Sponsor Name:	Salem for Refugees		
Urban/Rural:	Urban	Total Units:	90
		Total Affordable Units:	90
# Rent Assisted Units:	0	Units by Size & Affordability:	24 1 BR @ 60% AMI 42 2 BR @ 60% AMI 15 3 BR @ 60% AMI 9 3 BR @ 30% AMI
# of Units with OHCS PSH Services Funding:	0		
Cost Per Unit:	$326,667	Construction Type:	Acquisition / New Construction
Affordability Term:	60 years	# of Units with Non-OHCS Requirements:	0
Estimated Funding Request			
Total OHCS Request:	$29,400,000	Total project cost:	$29,400,000

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 of $29,400,000 in LIFT for this project, with the expectation that the project retains the characteristics submitted in the Impact Assessment without substantial changes. LIFT funds will not be available to the project until construction is complete and has received certificates of occupancy.

PROJECT DETAILS	
Project Description:	Blossom Gardens is a LIFT Acquisition of a 90-unit project that is currently under construction. The development features 9 three-story garden-style walk-up apartment buildings. All residential units include air-conditioning, stainless-steel appliances, dishwashers, washers and dryers, energy-efficient lighting, low-flow fixtures, patios/decks, and other amenities. The project will include an 1,800+ SF, two-story community building with a lobby, offices, storage, recreation room, utility room, and bathrooms. The site also includes a playground area, fenced dog park, and ample parking. A multi-sport sports court is being added to the site plan based on feedback from Salem For Refugees stakeholders. Salem For Refugees decided to pursue purchase of a property under construction with LIFT Acquisition funds for a few different reasons. The opportunity came about because the original developer wanted to sell the development due of financial challenges related to volatile market conditions. Purchasing the property in construction was less expensive than building the same property from the ground up. Additionally, the property meets the needs of future residents. It is within walking distance of transportation, a community college, a grocery store, local employers, and recreation, all needed elements to facilitate the resettlement of refugee communities. A variety of unit sizes allows for flexibility of serving small and large families, ensuring that refugee families of all sizes arriving in Salem have access to living spaces that meet their needs. There is a 2-story community building which will serve as a venue for community events, meetings, and classes. Offices on the second story offer space for service provision, property management, and maintenance. The developer is converting 8 garages to additional common space primarily serving as play areas for children and youth. The purchase is an arms length transaction and there is no connection between the seller and Salem For Refugees.
Anticipated closing date:	April 2025
Focus Population(s):	Refugee families
ERJ Strategy:	Salem For Refugees is deeply committed to advancing racial equity through actionable steps embedded in organizational practices and policies. The board bylaws include a requirement that at least 25% of board members be

	individuals who are refugees, immigrants, or self-identify as BIPOC (Black, Indigenous, People of Color). The board strives to achieve a composition where 50% of members meet these criteria, ensuring that the leadership reflects the communities served. In addition to these governance commitments, all new staff members must undergo antiracism training as part of their onboarding process. This training is designed to equip our team with the knowledge and skills necessary to identify and dismantle systemic racism within the organization and the broader community. Furthermore, Salem For Refugees centers the voices and experiences of those with lived refugee experience in its organizational structure. They prioritize hiring staff who have firsthand experience as refugees, recognizing that their perspectives are invaluable in shaping our programs and services. This approach not only enhances cultural competence but also ensures efforts to advance racial equity are informed by those directly impacted. In addition, SFR offers a bilingual pay differential for all full-time positions.
Resident Services:	As a culturally specific organization and owner of Blossom Gardens, Salem For Refugees will self-perform all resident services at the property. The resident services plan is designed to holistically support refugee and BIPOC communities, with Salem For Refugees overseeing service delivery. Key services include case management, cultural orientation, employment support, health and mental health navigation, community-building activities, and rental assistance. Case managers with lived refugee experience will provide personalized support, conducting regular home visits to ensure housing stability and address any emerging needs. Cultural orientation courses will educate residents on U.S. laws and tenant-landlord relationships, while employment services will help residents secure and retain jobs, fostering long-term economic stability. Health and mental health services, coordinated by local providers, will address physical and emotional well-being, particularly the trauma experienced by many refugees. Community-building activities, organized in collaboration with a Tenant Council, will promote social connections and a sense of belonging. In times of crisis, such as potential eviction or health emergencies, case managers will coordinate immediate assistance and mediation, ensuring residents can maintain stable housing. This comprehensive and culturally responsive approach is designed to foster

	individual and community wellness, creating a supportive environment where residents can thrive in their new homes.
Location Preferences:	Blossom Gardens will have a universal design playground on site and is located within half a mile of a major grocery store and transportation stops. Additionally, the project meets the anti-displacement requirements established in the ORCA process.
Alignment with Statewide Housing Plan:	• Affordable Rental Housing • Equity and Racial Justice

Blossom Gardens (under construction)

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Housing Stability Council Project Summary – Impact Assessment Application Step

SUMMARY			
Project Name:	Cesar		
City:	Portland	County:	Multnomah
State House District:	42	State Senate District:	21
Sponsor Name:	Home Forward		
Urban/Rural:	Urban	Total Units:	47
		Total Affordable Units:	47
# Rent Assisted Units:	47	Units by Size & Affordability:	28 Studios at 60% AMI 15 1-BR at 60% AMI 4 2-BR at 50% AMI
# of Units with OHCS PSH Services Funding:	0		
Cost Per Unit:	$325,027	Construction Type:	Acquisition
Affordability Term:	30 years	# of Units with Non-OHCS Requirements:	0
Estimated Funding Request			
Total OHCS Request:	$5,905,694	Total project cost:	$15,276,284

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 $5,905,694 in PSH Development Capital resources for this project, with the expectation that the project retains the characteristics submitted in the Impact Assessment without substantial changes. Funding is contingent upon Home Forward finalizing Permanent Supportive Housing services to the satisfaction of OHCS.

PROJECT DETAILS	
Project Description:	Cesar is a 47-unit project, consisting of studio, one-bedroom and two-bedroom units. Home Forward will purchase the existing market rate property and convert it to a 100% permanent supportive housing (PSH) property with minimal structural changes. The building’s durable finishes,

	single point of entry and floor drains in all bathrooms make it suitable for PSH. Existing community spaces on the ground floor will be repurposed for property management, supportive services, and resident activities, enhancing the trauma-informed environment. Proposed changes include converting the existing game room into two office spaces for Resident and Supportive Services, installing a secure entry system, camera installation, replacing entry gates for added security, updating plumbing, adding storage closets, adding a laundry room, and creating one additional exit in the leasing office. Additionally, the tenants will have access to a community room, fitness center, and secure bike storage.
Anticipated closing date:	December 2024
Focus Population(s):	Chronically homeless single adults, including those from vulnerable groups such as youth aged 18-24 and BIPOC communities.
ERJ Strategy:	Home Forward's organizational values emphasize the importance of equity and justice, guiding their efforts to build an agency that reflects the diversity of their own community, particularly in leadership roles. Their Development Equity Framework integrates racial equity into all phases of housing development, ensuring that their projects are inclusive and culturally responsive. They collaborate with community partners to design services that address the specific needs of BIPOC communities, ensuring that those who have experiences inequities are central to creating solutions. Using affordable housing as a platform, Home Forward plans to align their resources with other organizations in the community serving the same people. For specific initiatives they have existing MOUs and the majority of their partnerships are based on long standing and effective relationships. Examples of partnerships include: Worksource Oregon, Hacienda CDC, NARA, Urban League, IRCO, NAYA, Catholic Charities, The Black Parent Initiative, Lift Urban of Portland and SnowCap. Home Forward has identified English, Spanish, Vietnamese, Russian, Somali, and Chinese (Mandarin and Cantonese) as the primary languages for the Cesar tenant population. To ensure accessibility and inclusivity, they will translate all lease-up documents, outreach materials and tenant-facing documents into these languages. This will include but is not limited to rental applications, lease agreements, community guidelines, and resident service announcements. Additionally, they will utilize professional translation

	services, prioritize hiring bilingual support staff and work with local community organizations that serve these language groups to distribute translated materials and assist with outreach.
Resident Services:	Home Forward will offer a comprehensive suite of supportive services specifically designed to meet the needs of the chronically homeless, single adult PSH resident population. Most services will be provided by Home Forward directly, with additional partnerships with culturally specific organizations as needed. Onsite services include: • **Behavioral Health Support:** addressing mental health and substance use disorders through case management, counseling, and connection to external providers. • **Life Skills & Tenancy Education:** access to financial coaching, tenancy education, conflict resolution, community-building activities, programs like "Rent Well" and culturally responsive tenant education workshops. • **Food & Personal Care Assistance:** food security support and hygiene supply assistance will be available on-site or through facilitated connections to local resources. • **Benefits Acquisition & Income Support:** eligibility support, application help and referrals to income assistance programs such as SNAP, SSI & SSDI. • **Social & Wellness Programs:** monthly community meals, peer support workshops, and social activities will be held onsite. The main goal is to build a sense of community among residents, improve mental wellness and reduce isolation but these events also create opportunities for staff to gauge resident needs and adjust service offerings. Cesar will also have 24/7 desk coverage to ensure residents safety, handle emergencies, and maintain property security.
Location Preferences:	Laurelhurst & Sewallcrest Park are within 0.5 miles from the development site and 3 additional parks are within a 1.2-mile radius. Fred Meyer is 433 feet away, New Seasons is 0.2 miles and Safeway is 0.7 miles. This development property is within a 0.5-mile radius of 4 bus lines and has a walk score of 96 out of 100 and a bike score of 99.
Alignment with Statewide Housing Plan:	• Permanent Supportive Housing • Homelessness

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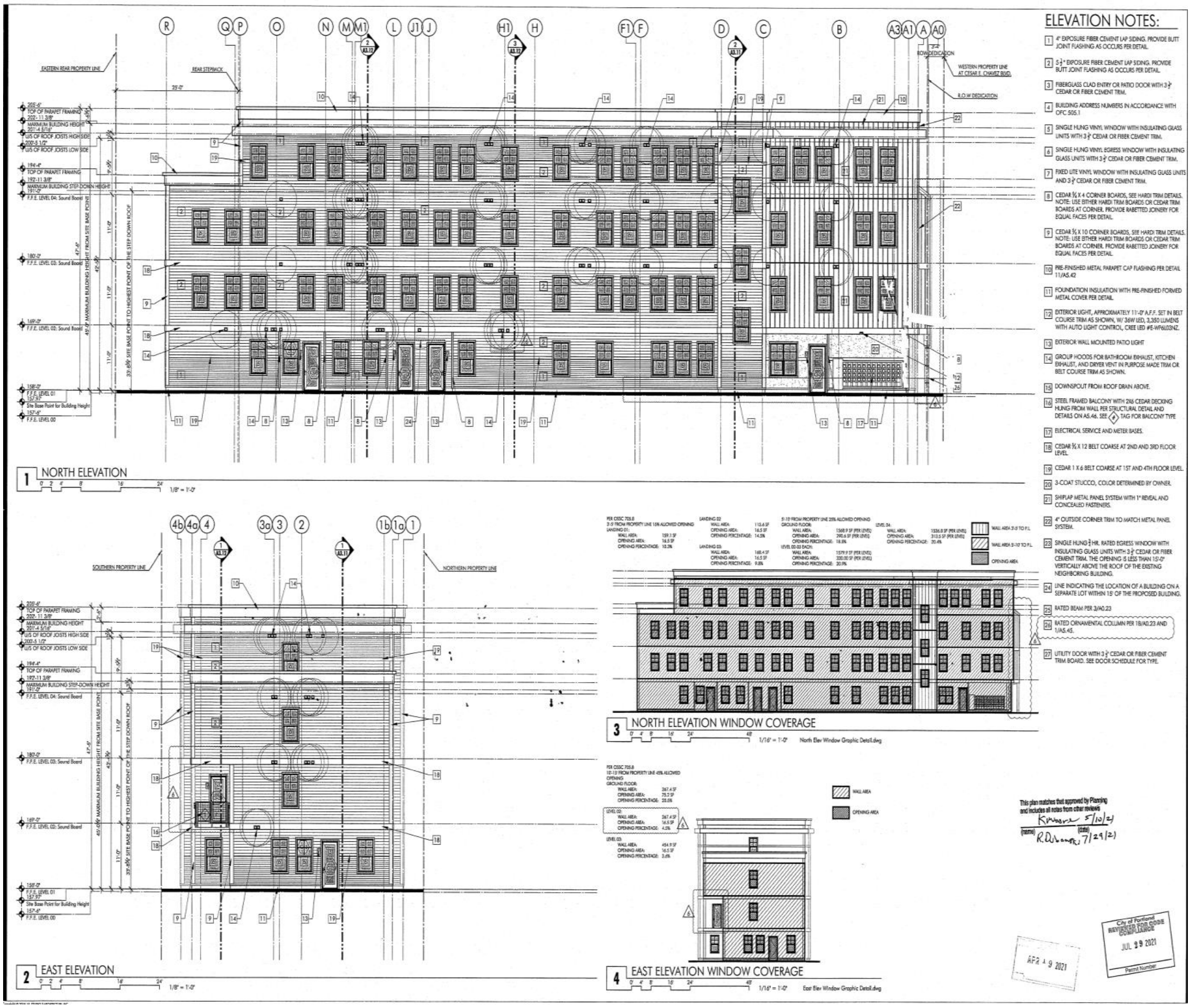
Cesar


ELEVATION NOTES:
1 NORTH ELEVATION
2 EAST ELEVATION
3 NORTH ELEVATION WINDOW COVERAGE
4 EAST ELEVATION WINDOW COVERAGE

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Housing Stability Council Project Summary – Impact Assessment Application Step

SUMMARY			
Project Name:	Columbia View Apartments		
City:	Cascade Locks	County:	Hood River
State House District:	52	State Senate District:	26
Sponsor Name:	Columbia Cascade Housing Corporation		
Urban/Rural:	Rural	Total Units:	12
		Total Affordable Units:	12
# Rent Assisted Units:	12	Units by Size & Affordability:	2 1 BR at 30% AMI 10 2 BR at 30% AMI
# of Units with OHCS PSH Services Funding:	0		
Cost Per Unit:	$188,256	Construction Type:	Acquisition-Rehab/ Preservation
Affordability Term:	60 Years	# of Units with Non-OHCS Requirements:	0
Estimated Funding Request			
Total OHCS Request:	$1,999,076	Total project cost:	$2,259,076

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 $2,498,845 in preservation resources for this project, with the expectation that the project retains the characteristics submitted in the Impact Assessment without substantial changes.

PROJECT DETAILS	
Project Description:	Project is an acquisition/preservation of a 12-unit existing apartment complex in three 2-story buildings, located in Cascade Locks, OR. Originally built in 1975, 11 of 12 units are affordable at 30% AMI or below, with 1 unrestricted manager unit, with rent subsidized by USDA Rural Development.

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	This project has not undergone any significant rehabilitation since built. One of the one-bedroom units is currently serving as a manager unit but will be converted to an accessible affordable unit upon project acquisition and rehabilitation. The acquisition of the project will allow for a full site rehabilitation, and preservation of the 12 deeply affordable units for the existing residents. Temporary relocation plans are aimed to limit the amount of time residents will be displaced.
Anticipated closing date:	March 2025
Focus Population(s):	Low-income individuals and families
ERJ Strategy:	CCHC provides culturally responsive services by conducting an ongoing examination of policies and practices to advance equity and inclusion to community members who are marginalized. CCHC's staff is reflective of the diverse communities it serves and prioritizes hiring bilingual/bicultural staff. Over 50% of CCHC staff are bicultural and bilingual (Spanish). We ensure our program documents and policies are culturally competent and take reasonable steps to ensure all persons have meaningful access to and equal opportunity to participate in our services, activities, and programs. CCHC continues to partner with other culturally responsive community-based organizations, including Nch'i Wana Housing and The Next Door, Inc. These partnerships help CCHC to meaningfully engage our current and future residents. CCHC plans to connect residents in need of assistance with the most appropriate culturally responsive organization.
Resident Services:	Resident services will be provided through partnerships with Mid-Columbia Housing Authority and Nch'i Wana Housing, a culturally responsive service provider. Planned services include resource navigation, healthcare referrals, and social service navigation for benefits. Over time, Sponsor is dedicated to auditing existing services and adjusting to changing community needs. While current residents at Columbia View are English speaking, the sponsor expects that future residents will likely speak English and Spanish, as their local portfolio of affordable housing serves a larger Spanish-speaking population. Staff working for residents on-site will be bilingual in English/Spanish and translation services for other languages will be provided, as needed.

Location Preferences:	Project meets standards for rural access to grocery stores and public transit, including a local bus service that takes care of the wider Cascade Locks area and along several cities in the gorge. The property has a walk score of 43 out of 100.
Alignment with Statewide Housing Plan:	Affordable Rental Housing, Rural Communities

Columbia View Apartments

VIEW FROM SOUTHWEST

VIEW FROM SOUTH

VIEW FROM SOUTHEAST

VIEW FROM NORTHEAST

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Housing Stability Council Project Summary – Preservation of Manufactured Dwelling Parks (PMDP) Application

SUMMARY			
Project Name:	Rimrock Court Cooperative (#3492)		
City:	Madras	County:	Jefferson
State House District:	59	State Senate District:	30
Sponsor Name:	Rimrock Court Cooperative (Consultant: CASA of Oregon)		
Urban/Rural:	Rural	Total Units:	38
		Total Affordable Units:	38
# Rent Assisted Units:	0	Units by Size & Affordability:	38 2 BR at 80% AMI
# of Units with OHCS PSH Services Funding:	0		
Cost Per Unit:	$139,721	Construction Type:	Acquisition/ Preservation
Affordability Term:	60 Years	# of Units with Non-OHCS Requirements:	0
Estimated Funding Request			
Total OHCS Request:	$2,800,000	Total project cost:	$5,309,396

This project is an existing mobile home park requesting funding for acquisition and major infrastructure repairs while also imposing affordability restrictions to keep the project affordable long term. We recommend to Housing Stability Council the reservation of up to $2,800,000 in Preservation of Manufactured Dwelling Parks (PMDP) resources and a reservation of $1,093,435 in Oregon Affordable Housing Tax Credits (OAHTC) for this project, with the expectation that the project retains the characteristics submitted in original application without substantial changes.

PROJECT DETAILS	
Project Description:	Rimrock Court Cooperative is an existing 38-space manufactured dwelling park in Madras, Oregon. The project is 100% owner occupied by low-income households who have elected to create a cooperative to jointly own the park

	to keep it affordable and avoid possible displacement from commercial investment and increases to space rents. The resident-run board, with the assistance of CASA of Oregon, has created a system of governance to oversee the day-to-day operations of the park and to provide resident support and benefits navigation to appropriate local services. The project will be limited to homeowners at 80% AMI or below. The current homeowners at Rimrock Court Cooperative have incomes below 60% AMI.
Anticipated closing date:	December 2024
Focus Population(s):	Workforce individuals and families
ERJ Strategy:	Rimrock Court Cooperative is a resident owned property focused on community inclusion, with democratic decision making for the property, with a resident board of directors overseeing the coop operations. A strong set of coop bylaws ensure these measures. At the time of formation, the coop resident owners were all earning under 80% AMI and understood the importance of preserving the property long-term for low-income residents, seniors, people with disabilities, and communities of color. With CASA of Oregon's additional assistance, the coop is also securing resources to assist homeowners with home repairs and replacements.
Location Preferences:	The project site is centrally located in Madras, Oregon, with crucial amenities located conveniently nearby. It is within one mile of public parks, grocery stores, public transit pickup, emergency services, and the local hospital. Elementary and middle schools are less than a mile from the site, and the local high school is under 2 miles away. The site is less than 2 miles from employment services and local community centers. The property has a walk score of 58 out of 100, with a bike score of 89.
Alignment with Statewide Housing Plan:	Affordable Housing, Homeownership, Rural Communities

Rimrock Court Cooperative

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Housing Stability Council Project Summary – Impact Assessment Application Step

SUMMARY			
Project Name:	Rosemont Court (#3509)		
City:	Portland	County:	Multnomah
State House District:	43	State Senate District:	22
Sponsor Name:	Northwest Housing Alternatives		
Urban/Rural:	Urban	Total Units:	100
		Total Affordable Units:	99
# Rent Assisted Units:	25	Units by Size & Affordability:	8 Studios at 60% AMI 88 1-Bedrooms at 60% AMI 3 2-Bedrooms at 60% AMI
# of Units with OHCS PSH Services Funding:	0		
Cost Per Unit:	$212,115	Construction Type:	Preservation
Affordability Term:	60 Years	# of Units with Non-OHCS Requirements:	1 (Manager Unit)
Estimated Funding Request			
Total OHCS Request:	$4,650,000	Total project cost:	$20,999,432

This project is currently in the Impact Assessment step and there may 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 $5,812,500 in Portfolio Stabilization Program (PSP) resources for this project, with the expectation that the project retains the characteristics submitted in the Impact Assessment without substantial changes.

PROJECT DETAILS	
Project Description:	Rosemont Court is an existing 100-unit senior affordable housing development owned by Northwest Housing Alternatives (NHA). It comprises 99 affordable units and an unrestricted manager’s unit. The site is in an amenity rich neighborhood of Inner NE Portland, near parks, shopping and

	churches. The project is rehabilitation of a fully repurposed four story 1917 convent with a four-story additional wing of housing built in 2000. The historic building includes a large community room that was the convent sanctuary. The new wing includes small gathering spaces on each floor. A sheltered courtyard exists between the new and old building. The project has on-site laundry, extensive grounds, resident services and property management offices. The existing property is approximately 92,000 square feet of wood frame construction in the new wing and brick historic structure. The historic building includes the original wood windows and a brick façade. Rosemont serves seniors and provides housing for the resident population to age in place in their neighborhood and has included a large percentage of extremely low-income seniors from Communities of Color over its history. It is a vital community asset with a high long-term value due to the property size, location in the community, and an historic building. The project is seeking Portfolio Stabilization Program dollars to address critical capital needs that have rendered the building uninhabitable to residents, therefore, the property is currently vacant. Planned improvements include but are not limited to a full plumbing system replacement, roof replacement with solar, window replacement and envelope repairs, HVAC and elevator upgrades, radon control system, fire/life/safety system upgrades.
Anticipated closing date:	March 2025
Focus Population(s):	Seniors
ERJ Strategy:	Rosemont is a building that has served low-income seniors and plans to serve this population again in the future, once rehabilitation work has been completed. Management staff have identified English and Spanish as the likely anticipated spoken languages and will provide translation services for additional language needs. Property management employs multi-lingual staff to support residents. NHA utilizes regular resident surveys and resident services staff to tailor and adjust provided services to meet population needs, including culturally specific events, fairs, and gatherings to best serve their diverse community. The sponsor has established a Resident Advisory Council

	(RAC) which works directly with the Sponsor's Director of Programs and Board of Directors for additional direct engagement.
Resident Services:	Resident services will be provided on site by NHA with additional service partnerships from Urban League and Northwest Pilot Project. NHA will also provide Permanent Supportive Housing Services to PSH residents being served by the Metro SHS program. A top priority of the project is to support residents aging in place in a safe, healthy environment with responsive and robust services. These services will include but are not limited to health screenings, meal services, counseling, asset building, employment services, financial education and coaching, benefits navigation and referrals, transportation assistance, and social engagement.
Location Preferences:	Project is in a desirable neighborhood, which is walkable and bike friendly. Grocery stores, green space, access to public transit, and early childhood education are all within ½ mile of the property. The property has a walk score of 67 out of 100, it has a bike score of 96 out of 100, and a transit score of 56 out of 100.
Alignment with Statewide Housing Plan:	Project addresses four of the Statewide Housing Plan goals: Equity and Racial Justice, Homelessness, Permanent Supportive Housing, Affordable Rental housing

Rosemont Court

Historic South Building
Constructed in 1917

New Addition North Building
Constructed in 2000

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Housing Stability Council Project Summary – Impact Assessment Application Step

SUMMARY			
Project Name:	Sierra West Apartments		
City:	Hillsboro	County:	Washington
State House District:	29	State Senate District:	15
Sponsor Name:	Bienestar		
Urban/Rural:	Urban	Total Units:	56
		Total Affordable Units:	55
# Rent Assisted Units:	0	Units by Size & Affordability:	40 2 BR @ 60% AMI 15 3 BR @ 60% AMI
# of Units with OHCS PSH Services Funding:	0		
Cost Per Unit:	$288,938	Construction Type:	Preservation
Affordability Term:	30 years	# of Units with Non-OHCS Requirements:	1
Estimated Funding Request			
Total OHCS Request:	$12,776,500	Total project cost:	$15,891,586

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 $13,175,000 in preservation resources for this project, with the expectation that the project retains the characteristics submitted in the Impact Assessment without substantial changes.

PROJECT DETAILS	
Project Description:	Sierra West is a preservation project of 55 occupied units of affordable housing at 60% AMI that will address issues with the failing building envelope, roof, and ventilation systems as well as address the actively leaking plumbing and sanitary sewer systems.

Anticipated closing date:	June 2025
Focus Population(s):	Latinx and immigrant-headed households
ERJ Strategy:	As a Latinx-led and Latinx-serving organization, Bienestar strives to provide equitable access to resources like housing and asset-building opportunities that are culturally appropriate not just for Latinx households but for immigrants of all backgrounds and all low-income people in need. They strive to be inclusive and equitable within organizational policies, providing ample room for employees and community members at all levels to have a voice in programming and procedures. They incorporate an equity lens into their procurement processes for housing development, ensuring that Latinx and other BIPOC-owned businesses are well represented among contractors for any given project. Bienestar has an organizational DEI Strategic Plan, completed in 2022.
Resident Services:	Resident services will be provided directly by Bienestar staff utilizing 100% bilingual and bicultural Latinx staff. Resident services staff are supplemented by the participation of Promotores, resident leaders who live at each Bienestar property and serve as community advocates and liaisons between Bienestar and residents. The 5.0 FTE resident services staff and 8-10 Promotores will meet regularly to identify critical resident needs and deliver programming and services to meet those needs. All services are delivered bilingually in English and Spanish, with additional translation support for families who speak a different language. Major categories of services include: Direct Assistance – Resident services staff help residents access rent and utility assistance to help them weather crises, both through referral to Washinton County's Community Action services or to Bienestar's private resident support fund. They arrange for residents to access to necessities like food, clothing, furniture, and school supplies through Bienestar's community partnerships. Asset Building – Bienestar offers free HUD-approved rental counseling as well as budgeting and financial coaching through its Housing Counseling program. Residents can also access Individual Development Accounts and downpayment assistance to help access affordable home ownership.

	Health & Wellbeing- using a Community Health Worker model, resident services staff share critical health and emergency preparedness information with residents to promote wellness and safety. They distribute supplies and information to assist with heat/cold/wildfire smoke events, improve home air quality, and ensure safe functioning of their units.
Location Preferences:	The property is located within half a mile of two parks, with a walk score of 77 and a bike score of 80, and a blue line Max stop just .1 mile from the property.
Alignment with Statewide Housing Plan:	• Affordable Rental Housing • Equity and Racial Justice

Sierra West

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Housing Stability Council Project Summary – Preservation of Manufactured Dwelling Parks (PMDP) Application

SUMMARY			
Project Name:	Surfside Mobile Village (#3585)		
City:	Newport	County:	Lincoln
State House District:	10	State Senate District:	5
Sponsor Name:	Surfside Village Co-Op (Consultant: CASA of Oregon)		
Urban/Rural:	Rural	Total Units:	33
		Total Affordable Units:	33
# Rent Assisted Units:	0	Units by Size & Affordability:	6 Efficiency at 80% AMI 27 2-Bedroom at 80% AMI
# of Units with OHCS PSH Services Funding:	0		
Cost Per Unit:	$121,774	Construction Type:	Acquisition/Preservation
Affordability Term:	60 Years	# of Units with Non-OHCS Requirements:	0
Estimated Funding Request			
Total OHCS Request:	$2,118,532	Total project cost:	$4,018,532

This project is an existing mobile home park looking for assistance with acquisition and major infrastructure repairs while also imposing affordability restrictions to keep the project affordable long-term. We recommend to Housing Stability Council the reservation of up to $2,118,532 in Preservation of Manufactured Dwelling Parks (PMDP) resources and a reservation of $1,122,988 in Oregon Affordable Housing Tax Credits (OAHTC) for this project, with the expectation that the project retains the characteristics submitted in original application without substantial changes.

PROJECT DETAILS	
Project Description:	Surfside Mobile Village, aka Surfside Village Cooperative is a 33-space 55+ senior manufactured dwelling park located in Newport, Oregon. It has been in operation for several decades. 88% of current residents are low-income seniors, exceeding the PMDP threshold of 60% affordable homeowners at

	time of acquisition. CASA of Oregon is the consultant who has provided and continues to provide assistance in the formation of the cooperative and navigation of purchasing the park, and is a long-term committed partner for the co-op. The creation of the co-op and preservation utilizing PMDP resources will allow for infrastructure repairs and long-term affordability for a project that is otherwise at risk of loss to private equity development.
Anticipated closing date:	December 2024
Focus Population(s):	Low-income seniors
ERJ Strategy:	Utilization of PMDP funding to purchase and restrict the homes at Surfside Mobile Village to 80% AMI or below will preserve 33 critically needed senior homes for the City of Newport. Through the formation of a resident-owned co-op, the park will be run democratically by project homeowners, with a homeowner run board of directors to run daily operations. Homeowners will be empowered to make decisions about their property with the security that their space rents will not increase unsustainably. Through a long-term partnership with CASA of Oregon, the co-op will create community ties with service providers for social service assistance, public health access, food assistance, legal services, housing counseling, and community volunteer work.
Location Preferences:	The project is located in central Newport that is extremely walkable and close to important amenities and services. Within ½ a mile there are several grocery stores and retail centers, employment centers, public parks, senior center and recreation centers, and social service providers. Emergency services and the local hospitals are all within 1 mile of the project. The property has a walk score of 90 out of 100, with a bike score of 54 out of 100.
Alignment with Statewide Housing Plan:	Affordable Housing, Homeownership, Rural Communities

Surfside Mobile Village

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Housing Stability Council Project Summary – Impact Assessment Application Step

SUMMARY			
Project Name:	Willow Park		
City:	Forest Grove	County:	Washington
State House District:	29	State Senate District:	15
Sponsor Name:	Bienestar		
Urban/Rural:	Urban	Total Units:	45
		Total Affordable Units:	45
# Rent Assisted Units:	0	Units by Size & Affordability:	45 2 BR @ 60% AMI
# of Units with OHCS PSH Services Funding:	0		
Cost Per Unit:	$294,101	Construction Type:	Preservation
Affordability Term:	30 years	# of Units with Non-OHCS Requirements:	0
Estimated Funding Request			
Total OHCS Request:	$9,966,000	Total project cost:	$13,234,549

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 $10,350,000 in preservation resources for this project, with the expectation that the project retains the characteristics submitted in the Impact Assessment without substantial changes.

PROJECT DETAILS	
Project Description:	Willow Park is a preservation project of 45 occupied units of affordable housing at 60% AMI that will address issues with the failing building envelope, roof, and ventilation systems as well as address the actively leaking plumbing and sanitary sewer systems.

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Anticipated closing date:	June 2025
Focus Population(s):	Latinx and immigrant-headed households
ERJ Strategy:	As a Latinx-led and Latinx-serving organization, Bienestar strives to provide equitable access to resources like housing and asset-building opportunities that are culturally appropriate not just for Latinx households but for immigrants of all backgrounds and all low-income people in need. They strive to be inclusive and equitable within organizational policies, providing ample room for employees and community members at all levels to have a voice in programming and procedures. They incorporate an equity lens into their procurement processes for housing development, ensuring that Latinx and other BIPOC-owned businesses are well represented among contractors for any given project. Bienestar has an organizational DEI Strategic Plan, completed in 2022.
Resident Services:	Resident services will be provided directly by Bienestar staff utilizing 100% bilingual and bicultural Latinx staff. Resident services staff are supplemented by the participation of Promotores, resident leaders who live at each Bienestar property and serve as community advocates and liaisons between Bienestar and residents. The 5.0 FTE resident services staff and 8-10 Promotores will meet regularly to identify critical resident needs and deliver programming and services to meet those needs. All services are delivered bilingually in English and Spanish, with additional translation support for families who speak a different language. Major categories of services include: Direct Assistance – Resident services staff help residents access rent and utility assistance to help them weather crises, both through referral to Washinton County’s Community Action services or to Bienestar’s private resident support fund. They arrange for residents to access to necessities like food, clothing, furniture, and school supplies through Bienestar’s community partnerships. Asset Building – Bienestar offers free HUD-approved rental counseling as well as budgeting and financial coaching through its Housing Counseling program. Residents can also access Individual Development Accounts and downpayment assistance to help access affordable home ownership.

	Health & Wellbeing- using a Community Health Worker model, resident services staff share critical health and emergency preparedness information with residents to promote wellness and safety. They distribute supplies and information to assist with heat/cold/wildfire smoke events, improve home air quality, and ensure safe functioning of their units.
Location Preferences:	The property is located within half a mile of a public park, grocery store, and public transit pickup approximately 700 feet from the property site. It has a walk score of 70 out of 100 and a bike score of 73 out of 100.
Alignment with Statewide Housing Plan:	• Affordable Rental Housing • Equity and Racial Justice

Willow Park


Kappel Lane
Kappel Lane
North
22nd Ave
22nd Ave
8
7
6
5
1
2
3
4
Maywood Dr
Maywood Dr

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Date: December 6, 2024

To: Housing Stability Council Members
Andrea Bell, Executive Director

From: Affordable Rental Housing Division

Re: ORCA and LIHTC timeline update; Introduction of Conduit Charge update

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In this memo, we provide an update on the next steps for finalizing the framework for the Oregon Centralized Application (ORCA) and Low Income Housing Tax Credits (LIHTC) for 2025, along with introducing an update to charges associated with conduit bond financing.

Last month we shared an overview of our engagement efforts, key themes from engagement, and introduced updates for the Oregon Centralized Application (ORCA) and detailed frameworks for the 9% LIHTC and 4% LIHTC programs into the ORCA process. The updates for the LIHTC program have now been drafted into a revised Qualified Allocation Plan (QAP). The LIHTC program is administered by the United States Treasury Department and the Internal Revenue Service (IRS). OHCS is the tax credit allocation agency which is required to create and maintain a QAP that is compliant with the IRS program parameters and requirements. This information is in the IRS's Section 42 federal tax credit regulations.

Update Framework and QAP Next Steps

OHCS has drafted the updates for the QAP in alignment with the recommended framework for incorporating LIHTC into the ORCA. In order to ensure ability to understand all public comment on the QAP prior to finalizing the framework with Housing Stability Council, we have revised the timeline to allow for the full public comment period for the QAP is completed before bringing the final framework recommendations to the Housing Stability Council at the January 2025 meeting.

- November 25 to December 31: Public comment period
- December 16, 2pm: Virtual Public Hearing

- January 3, 2025: HSC Meeting to consider recommended ORCA and LIHTC update frameworks
- January: QAP finalized with incorporated feedback sent to Governor for signature

Conduit Bond Charges Introduction

The 4% LIHTC is generated when at least 50% of the overall cost of the project is financed using Private Activity Bond (PAB) authority. OHCS currently deploys PAB using a conduit bond issuance. The conduit issuer issues bonds to borrow money from investors to support the project through a lender; the bond issues require repayment and the issuer assumes federal compliance responsibilities.

In a desire to align with the QAP updates and in preparation for opening 2025 4% LIHTC in the ORCA we are bringing forward a proposal to update OHCS' conduit bond charges. The proposal removes the cap on the issuance charge and adds an annual charge on balance. OHCS' conduit bond charges were last updated in 2019, and before that in 2008. In 2019, the scale of projects was significantly smaller and there was significantly less subsidy available. With larger scale projects and greater available subsidy today, the current charges need to be scaled to the work being done.

In order to get feedback, we have incorporated the proposed updates to the conduit bond charges into our request for public comment, and plan to bring this back along with the LIHTC update frameworks for recommendation at the January 2025 Housing Stability Council meeting.

Below is detail on the update proposal; additional information is published for public comment.

Proposed Conduit Bond Charges

Fees	Description	Current Structure (updated in 2019)	Proposed
Application Charge	Application charge	$1,500	$1,500
Issuance Charge	Charged up front on the full tax-exempt portion	1.5% (150k cap)	1.5% (no cap)
Draw Down Charge	At closing, the bonds are either fully drawn or partially drawn. If the bonds are partially drawn, the draw down charge is applicable and charged up front on both taxable and tax-exempt.	0.50%	none
Annual Charge on Balance	Charged annually on the remaining undrawn balance of the full bond (tax-exempt and taxable if there is a taxable tail)	none	0.25%

OHCS' proposed changes include:

1. Removing the issuance charge cap;
2. Adding an annual charge on the balance to allow the owner to pay over a longer period of project operations and reduce the up-front financial need at closing; and,
3. Removing the draw down charge to provide more control to development teams to lessen payment if funds are drawn to ensure resources are utilized to support project development and operations.

The updated charges will affect projects applying for funding after January 2025, not projects currently in our pipeline. Projects receiving fund commitment after these charges are implemented will need to structure the project to support the increased charges. OHCS acknowledges that this will have an impact on the amount of subsidy needed for transactions. All charges are not due up-front, instead there will be an annual charge paid yearly across the lifetime of the bond. As of 6/21/24, costs associated with conduit bond issuance are now allowed to generate eligible basis for the computation of Low-Income Housing Tax Credits (LIHTC). This ruling should help offset some of the increase in issuance charges that sponsors may face in LIHTC deals because of these proposed changes.

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DATE: December 6, 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 Program Framework

Motion: Approve the 2025 LIFT Homeownership Framework.

Summary: Over the past year, the Homeownership Division has worked to improve the Local Innovation and Fast Track (LIFT) Homeownership program to better align with OHCS' goals. The LIFT framework depicted in this memo was shaped by internal analysis and stakeholder engagement. If approved by Council, these changes will be implemented in time for the release of the January 2025 Notice of Funding Availability (NOFA).

Program Background

Since 2018, OHCS has awarded $110M in LIFT funds to support 62 homeownership projects which will result in 1,027 new homes affordable to Oregonians. LIFT funds can be used for new construction of affordable homeownership units or the conversion of existing non-housing structures into new affordable homeownership housing units. Homes must be built and ready for sale within 36 months of receiving a funding reservation. They remain affordable for an initial period of 20 years, with the option for the LIFT Borrower to extend the loan term another 20 years to satisfy the loan.

LIFT is financed through Article XI-Q bonds which requires the state to retain an operational or ownership interest in funded projects. To meet this requirement, the state invests in shared equity homeownership models such as community land trusts (CLTs), condos, or cooperatives. This enables the state to maintain an operating interest in the land along with the steward (typically the LIFT borrower), while the homeowner retains ownership of the home.

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. Of those funds, $39,623,352 was allocated through the 2024 Homeownership Development NOFA and the remaining funds ($40,376,647) will be available through the 2025 NOFA.

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

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Additionally, based on partner feedback OHCS will offer training to help applicants prepare their LIFT application. We will include veteran LIFT Borrowers as experts in the trainings which 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.

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

Figure 1: Minimum Threshold Categories

Development Capacity

Applicant has the staffing and resources in place to complete the project.

Development Experience

Applicant has a track record of completing comparative projects or plan to partner with experienced entities (consultants, other nonprofits) to bring in needed experience.

Equity & Community Engagement

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

The project budget is detailed and realistic. The applicant has secured sufficient funding to cover costs (and unexpected costs).

Project Characteristics

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.).

Stewardship Experience

Applicant has the necessary infrastructure and formulas and/or partnerships in place to administer the shared equity model.

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 to ensure that funds are distributed equitably and in alignment with 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 promote greater parity in OHCS' investments across the state and ensure awards reflect actual costs and funding gaps, OHCS is transitioning from determining loan amounts based on the appraised value of the land to per-home subsidies. These subsidies will vary by the number of bedrooms in the home, with an added allocation for rural projects.

The proposed subsidies, outlined in the table below, are based on industry construction data, OHCS' internal data on LIFT Homeownership costs, and feedback from homeownership developers. Applicants are required to have at least one other source of funds for the project and LIFT will cover the gap to make the project financially 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 the funding formula will, in most cases, result in deeper subsidy per project, which may mean that OHCS will fund fewer homes overall. However, OHCS was already providing deeper

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subsidies through general funds, so this shift increases the likelihood that projects will be financially viable without requiring additional OHCS investment. This change will promote greater stability in homeownership development efforts by reducing reliance on general funds for LIFT projects. Additionally, OHCS anticipates that the new structure will make the program more accessible to a broader range of developers, particularly those in rural areas and culturally specific developers, thus increasing the diversity of developers and communities served through LIFT. For 2025, we are imposing an $8M per project cap to ensure that all LIFT funds are not allocated to just a few large projects.

Soft set-asides

Figure 2 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[1] and emerging[2] 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 will be released and all funds will be available to the broader pool of applicants.

Figure 2: LIFT Projects & Homes by County

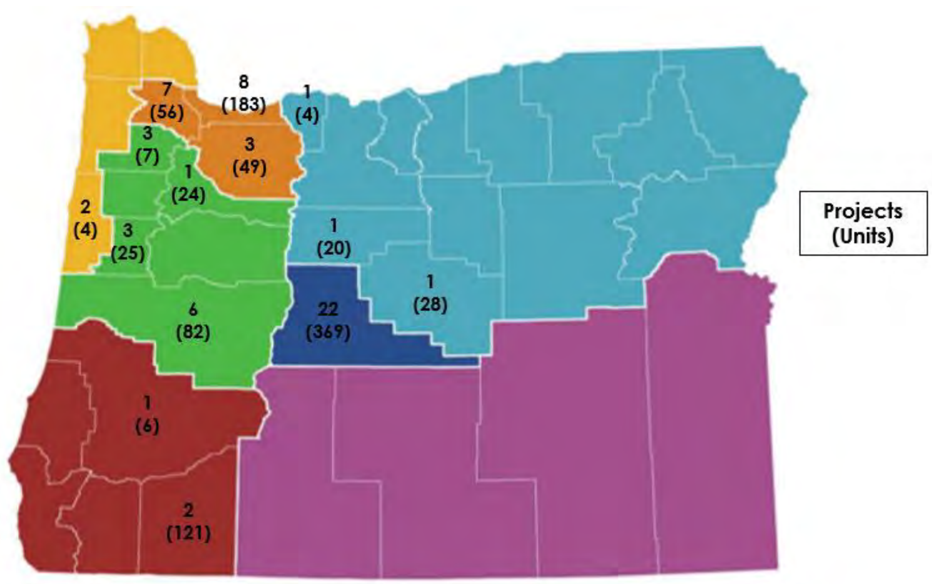
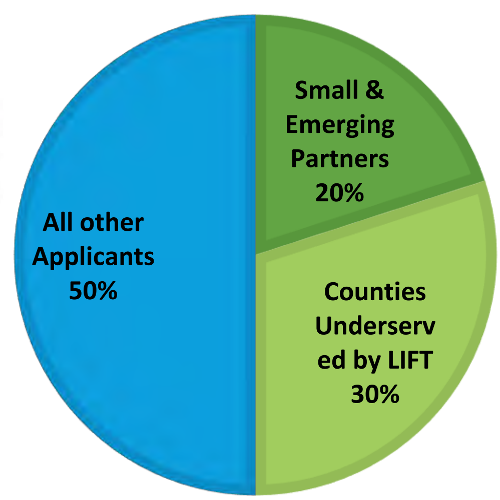


Figure3: Soft Set-Asides



[1] 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.

[2] 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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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

- December 2024
    - 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

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DATE: December 6, 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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Motion: Approve the Oregon Affordable Housing Tax Credit (OAHTC) Homeownership program framework.

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.

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 manufactured dwelling 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. Like traditional homeownership models, most LECs can be inherited by the shareholder's heirs, provided the proper documentation (e.g. a will, trust or probate order).

If an LEC shareholder wishes to sell their home, similar to other shared-equity models, there are three typical formulas that LECs use to determine the resale price:

- Fixed rate formula: the original share purchase price is multiplied by a fixed multiplier (e.g. 3% annually over a period of time) plus board approved capital improvements during occupancy.
- Index-based formula: equity appreciation is tied to either an area median income index or the consumer price index. The original share purchase price is multiplied by a percentage change in the Area Median Income Index or the Consumer Price Index, plus board approved capital improvements.
- Appraisal-based: the original share price plus an agreed upon percentage of the increased appraisal value (e.g. 25%).

Similar to other shared-equity models, the restrictions on equity-building in LECs limit homeowners' ability to accumulate wealth compared to fee-simple homeownership. However, compared to rental housing. LECs offer greater stability in housing payments and foster a strong sense of community.

[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

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The CLT & LEC Hybrid Model

The Community Land Trust (CLT) 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 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).

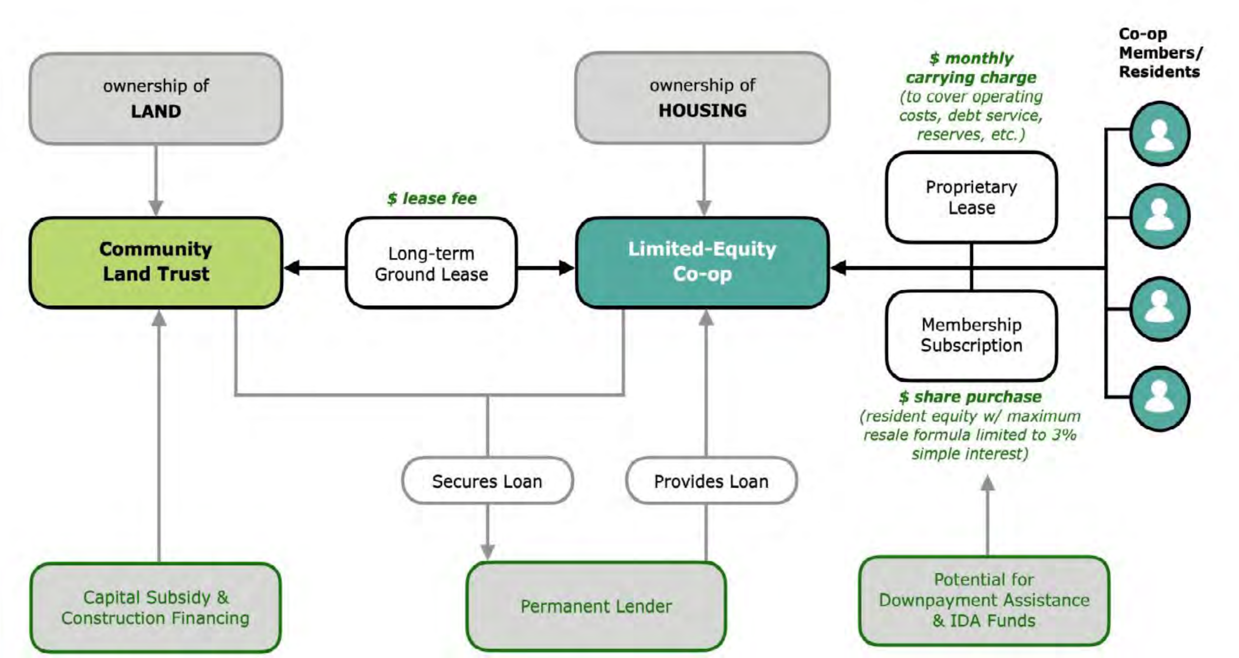

Figure 1: Graphic courtesy of Square One Villages

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 the developer's permanent lender, 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. 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 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.

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

- 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