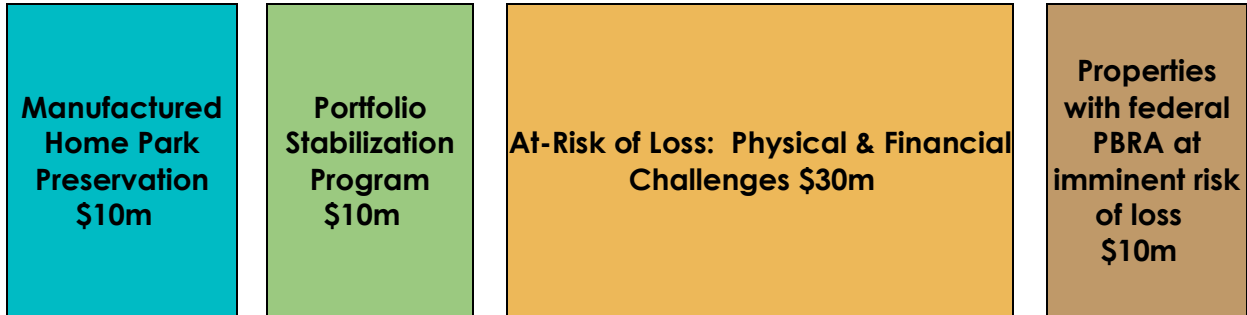


2024 OHCS Preservation Funding Framework

April 22, 2024

Overview: Four buckets of funding

Intake for all four types of preservation funding will happen through the Oregon Centralized Application (ORCA).



Evaluation standards for all projects: Preservation projects generally will be expected to meet the same evaluation standards as new construction, with a few specific exceptions and additions specific to preservation.

Set-Asides: Preservation funds will count toward the geographic and culturally specific/rural set-asides in the ORCA.

Manufactured Home Park Preservation: We're expecting this program to be similar to recent years and to be administered by the Affordable Rental Housing (ARH) state resources team.

At-Risk of Loss: Physical and Financial Challenges: The ORCA will be used to create a ranked queue of projects described as critical, high, or medium priority projects, with funding directed first to those on the critical list. The matrix below outlines criteria defining the three priority levels.



The priority lists are intended to show both immediate and near-term funding priorities. Properties identified as “critical” that do not receive funding in the current funding cycle will remain on the critical list until either funded at a future date or something materially changes in the property (e.g., sale to a new owner) that would necessitate re-evaluating its priority. High priority properties would be eligible for funding once the critical list has been addressed. Rankings and prioritization are expected to be updated on an annual basis, alongside any new applications received for this category of preservation.

AT-RISK OF LOSS: PHYSICAL & FINANCIAL CHALLENGES

	Critical Priority	High Priority	Medium Priority
	properties would meet EACH of these criteria:	properties would meet EACH of these criteria:	properties would meet EACH of these criteria:
Applicant:	Applicant is a CSO	Applicant is a CSO or CRO	
Risk of Loss:	Project is currently at-risk	At risk within the next 5 years	At risk within the next 7 years
Potential Impact to Tenants:	30%+ of Tenants considered Vulnerable	25%+ of Tenants considered Vulnerable	20%+ of Tenants considered Vulnerable

Applicant: Culturally Specific Organizations (CSOs) meet OHCS' definition, which focuses on knowledge of, service to, and leadership by a specific community historically least likely to apply for support. Tribal housing organizations are considered CSOs under this criterion. Culturally Responsive Organizations (CROs) are those meeting the OHCS definition, which spells out specific steps organizations have taken to serve diverse client populations and communities, including clients and communities of color. Nonprofits, tribal housing organizations, PHAs and for-profit organizations can all qualify as CROs.

Evaluating Applicant Status: project sponsors will indicate in their application whether they meet the OHCS definitions of “culturally specific” and/or “culturally responsive.”

Risk of Loss: Essentially, this means the property has urgent repair needs and/or operational losses that can't be addressed through existing reserves or cash flow, and those challenges threaten the housing stability and/or health and well-being of tenants. “Currently at-risk” under this definition indicates that the project cannot wait two years for funding. In a worst-case scenario, we could see a loss of affordable housing as owners take units offline or sell a non-performing property.

Evaluating Risk of Loss: The application will ask project sponsors to describe conditions of the property that threaten its viability as affordable housing in the near term, and likely next steps if the project is not awarded OHCS funding.



Impact to Tenants: Risk of loss impacts people differently. We know some categories of tenants would face more challenges than others obtaining an alternative to their current affordable housing, and for that reason, past NOFAs have called out the impact to vulnerable tenants. For the purposes of this preservation priority, we are focusing attention on the most vulnerable tenants, which we define as those that meet both of the following:

- Households that are **severely rent burdened** (paying 50% or more of their income toward housing costs), **and**
- **One or more of the following is true** of the household:
 - One or more resident identifies as a person with disabilities (including behavior health challenges, substance use disorder, etc.)
 - One or more resident identifies as Black, Indigenous or Person of Color
 - One or more resident identifies as an immigrant or refugee
 - Includes one or more children under 18
 - Every member of the household is 62 years old or older

Evaluating Impact to Tenants: the application will ask project sponsors for information summarizing how many households meet OHCS' definition. Data on immigrant and refugee status will be optional at the discretion of the applicant.

Potential Tiebreakers: It's likely that applications meeting the criteria for "Critical" priority funding will exceed the funding available. Where necessary, we anticipate applying the following tiebreakers in order:

1. Highest community need: Are there other affordable housing options potentially available in the community where that property is located? OHCS' Research and Analysis has created a mapping tool to measure this based on the number of publicly-subsidized units per 100 households, by Census Tract:
<https://experience.arcgis.com/experience/44176303be4f491591a59030cc349144>
2. Highest degree of current tenants' vulnerability (based on the definition above)

In order to preserve the greatest number of units, we expect to follow precedent from other recent OHCS NOFAs where if an application ranked next highest would require more funding than we have available, we would proceed down the ranked list to the next project we could adequately fund. (Remember any unfunded projects on the "critical" list will stay on the list until we're able to fund them or something else in the application is materially different).

Properties with federal project-based rent assistance at imminent risk of loss:

Our intention is to build a managed queue similar to the one for the previous category.



PRESERVING PROJECT-BASED FEDERAL RENT ASSISTANCE CONTRACTS

	Critical Priority	High Priority	Medium Priority
	properties would meet EACH of these criteria:	properties would meet EACH of these criteria:	properties would meet EACH of these criteria:
Imminent risk to rent assistance:	PBRA at risk within next 2 years	PBRA at risk within next 5 years	PBRA at risk within next 7 years
% of units with PBRA	At least 50% of units have PBRA	At least 50% of units have PBRA	

Imminent risk of loss: Only projects where project-based assistance is at risk through maturity of the RD mortgage or an application for pre-payment within the next two years will be considered “critical” and considered for funding in 2024, although projects ranked as “high” or “medium” priorities would be added to the managed list.

Potential tiebreakers: Community need as defined above.

Portfolio Stabilization Program (PSP)

PSP is meant to allow OHCS to support immediate interventions in troubled properties where other options have been exhausted. We expect these awards will be made through a similar process as for other At-Risk: Physical and Financial Challenge funding, and closely aligned with a Property Improvement Plan developed by the sponsor and OHCS Asset and Property Management.

