

Affordable Rental Housing: Capacity Building (GHAP)



Working together to serve
individuals, families, and
communities throughout
Oregon

Bi-Annual Summary
Oct. 2021-Feb 2022

Contents

- 2 Fund overview
- 3 Regional distribution
- 4-6 Engagement & feedback
- 7 Framework ideas
- 8 Opportunities
- 9 Looking Forward

You can find more
information about
GHAP Capacity Building
www.oregon.gov/ohcs

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Capacity Building

Any resources, activities, or support needed to bring an organization to the next level of operational, programmatic, financial, or organizational development, so it may more effectively advance its mission related to the development, preservation, and management of affordable housing.

**Borrowed (in-part) from
The National Council of Non-Profits*



Strengthen partnerships among public, private and non-profit organizations - to effectively create more affordable housing and community services.

- Oregon's Statewide Housing Plan 2019-2023, Guiding Principles

Fund Overview

The 2009 Legislature created the General Housing Account Program (GHAP) to expand the state's supply of housing for low and very low-income families and individuals.

Capacity Building Funds are a subset of the GHAP account. Currently, 8% of funds transferred in to GHAP are set aside for the capacity building fund. These funds have been used to provide grants, technical assistance, and training to non-profit organizations and housing authorities for the past 13 years.

* Utilization rates have been impacted greatly by transfer-in rate, turn-over in Capacity Building staff, and internal process and approvals timelines.

Total capacity building funds awarded since 2010

4.7 million

Unique awardees

60

% Total available funds

41%

Awarded to Non-Profit Entities

75%

Awarded to Housing Authorities

23%

Known culturally specific organization awardees

7%

Current funds (2023)

7.5 million

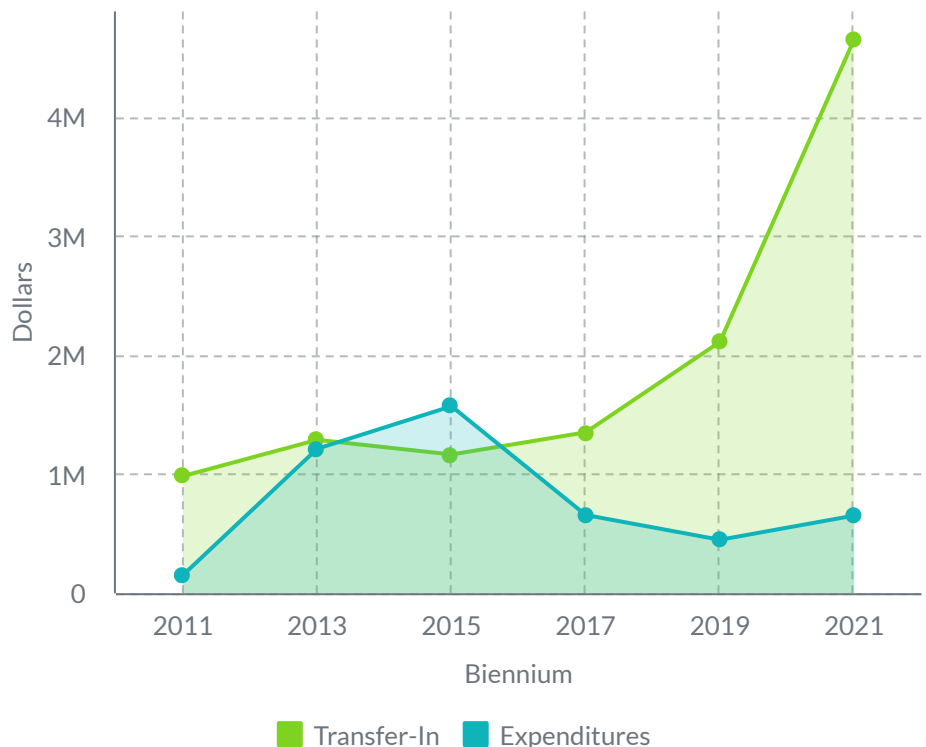
Tentatively assigned

5 million

Average rate of funds transfer into account

1.8 million
Annually

Utilization Rates (Transfer-In vs Expenditures)



Regional distribution

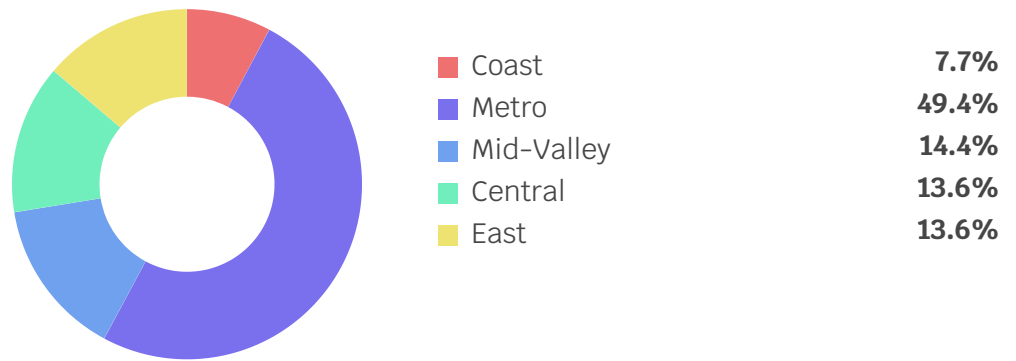
Organizations in Rural and Metro areas experience different challenges and needs in affordable rental housing development, preservation, and management.

Rural organizations often face higher construction costs, shortages of skilled labor and development professionals, and regional infrastructure limitations.

Metro-based organizations operate in a highly competitive environment with high land acquisition costs*, larger projects and project needs, but may have access to region-based resources in addition to state and federal funds.

*The cost and competition for land/property across Oregon has skyrocketed in the last five years, adding another barrier for rural organizations seeking to develop housing.

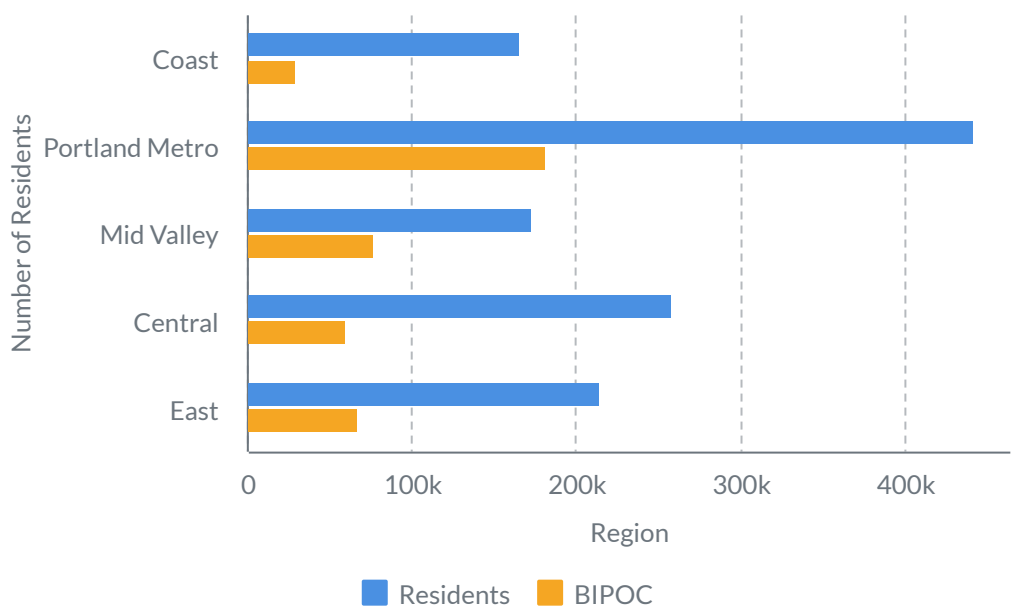
2010-2020 Distribution of Capacity Building Grants (Regional boundaries borrowed from IDA program)



*1.3% to statewide contract for convening

Regional Low to Moderate Income Resident Data (Borrowed from IDA program)

Residents by Region



Oregon population growth 2010-2019

11%

Largest demographic change 2010-2018: Age 65 and older

39% Increase

Residents in Oregon living with a disability

14%

Engagement & Feedback

Consistent, collaborative, and accessible communication are critical components of quality community engagement and feedback gathering.

Many of the organizations we seek to support through this fund have good reason to believe that the financial systems and governmental policies they must navigate weren't designed to support them in being successful.

The last six months have been focused on reconnecting with partners, understanding the past, current state analysis, updating the 2020 workplan, and identifying and initiating next steps.

Community Partner Feedback

In addition to reaching out to past awardees, non-profit developers, and culturally specific organizations for one-on-one conversations, the Capacity Building Analyst has regularly attended the following meetings: Oregon Economic Justice Roundtable, Housing Oregon - Metro Policy Council, Housing Oregon - Rural Policy Council, OHCS Tribal Housing Workgroup. We are actively seeking roles/participation in additional standing workgroups such as: Housing Authorities of Oregon and the Housing Industry Anti-Racist Cohort.

The feedback summarized below has been gathered from more than 30 meetings with individual organizations around Oregon, and group discussions at the above mentioned group gatherings.

- ✓ **Oregon Housing and Community Services (OHCS) must review and solidify its goals for housing, equity, and racial justice, and ensure that current policies, offerings, and structures support meeting those goals.** The 2019-2023 Statewide Housing Plan can do more in identifying and clarifying goals and targets for OHCS' six priority areas, particularly for equity and racial justice outcomes for Black, Indigenous, and other Communities of Color. Additionally, internal work is needed to identify and reform structures, systems, and policies that no longer serve to meet OHCS' current and future goals.
- ✓ **When OHCS expands, smaller organizations lose housing staff and expertise. -Community-based organizations (CBOs) are critically short-staffed**
OHCS can help in the short-term by providing funds for CBOs to hire consultants, contractors, and train key staff in order to keep housing projects moving forward and in compliance. Long term, OHCS must invest in development of a "boot camp" training, mentorship, paid placement pipeline to deepen the available pool of housing professionals.
- ✓ **OHCS must look at housing as an ecosystem and develop a strategy to build capacity across the network and continuum.**
When policies are adjusted, even those intended to increase equity and implement accountability or incentives- this cannot be done without considering the needs and impact to the whole network and continuum. For example, shifts that affect Predevelopment could impact the project differently when it gets to later phases of development, or more than a decade later when it's time to restructure or refinance.

Engagement & Feedback Cont'd.

Community Partner Feedback

Capacity building takes time and isn't one-size-fits-all.

- ✓ Capacity building grants need to be consistent multi-year grants and provide as much flexibility in allowable use as possible. Every organization has distinct needs, and may decide to focus their skills and resources on a specific phase of the affordable housing continuum. Grants should be paired with coordinated training and technical assistance partnerships, and upstream policy efforts. It takes years for housing development and asset management professionals to train and gain the experience needed in the field to build deals and manage portfolios. OHCS must increase investment and efforts now in order to preserve and build capacity in community based organizations to do this work.

A nice-size reserve account can be a game-changer.

- ✓ Nearly half of the organizations we met with said they'd use a large influx of capital to deepen their Board-protected reserve account. A solid reserve account can open pathways for financing, make it possible to act as the primary sponsor on a deal, acquire property, and soften the blow of expensive pre-development costs (that sometimes don't get recouped).

Oregon's Tribes need capacity building help.

- ✓ OHCS has very little data on the state of housing within our nine federally recognized tribal communities. Direct feedback from the Tribal Housing Workgroup is that only a few Tribes have robust housing development and asset management departments. Yet all the tribal communities report a high level of need for affordable housing for low, very low, and extremely low-income families and individuals. Layer in the complexity of LIHTC, infrastructure needs, and labor challenges- tribal housing staff need our support.

Networking, knowledge-sharing, and peer-support are vital.

- ✓ Capacity building grants and contracts must also focus on facilitating networking and peer-to-peer support. OHCS can cultivate this by funding collective efforts, regional and professional convenings, peer-to-peer mentoring, public and private funding partnerships that boost financial impact and opportunities for small and emerging developers and portfolio managers, and support internal multi-disciplinary communication and collaboration across OHCS programs and the housing continuum.

Outdated definitions, systems, processes, rules and regulations are big barriers to Equity and Racial Justice.

- ✓ Permanent Supportive Housing funds cannot be used by Tribes on tribal lands. Minority and Women-Owned Emerging Small Businesses (MWESB) struggle to jump through the registration hoops to become COBID certified and access lucrative contracts. Capacity building funds cannot be offered to Tribes because they're not called in as eligible in the administrative rule. Grant offerings are set artificially low to avoid lengthy and burdensome internal processes. Program data related to BIPOC utilization, impact, and outcomes is limited. OHCS must update these structural barriers in order to move forward in our work towards equity and racial justice.

Engagement & Feedback Cont'd.

Community Partner Feedback

Additionally, nonprofit and culturally specific housing developer organizations (CSOs) repeatedly raised the point that OHCS' focus has been on providing support for housing development when a greater focus should be on long-term portfolio management and preservation. The placemaking, long-term culturally specific support, eviction prevention, and partnership towards housing justice that these organizations provide for their residents and their communities is at the heart of their involvement in development. They report that the current ARH development funding system is not designed for them or to ensure the long-term success and management of nonprofit housing projects. Overwhelmingly, these organizations requested that OHCS work to better understand how past and current policies and systems impact Oregon's for-profit developers and nonprofit developers differently, and ensure that policies and funding support the overarching priorities outlined in the SWHP. OHCS should consider how policy changes and capacity building funds can be used to support success and sustainability of affordable housing throughout the continuum of housing development, portfolio management, and preservation.

Stakeholder conversations also illuminated the need for OHCS to consider capacity building needs for ancillary or supporting professions within the affordable housing development ecosystem in alignment with OHCS' overarching goals. For example, OHCS might consider capacity building offerings in support of for-profit housing professionals such as MWSEB contractors and BIPOC-owned development and property management businesses. These professions are not only critical to the affordable housing ecosystem but they are also professions that can be important drivers of wealth-creation for individuals and add to industry stability.

Development Professions Data

There are very few Oregon-specific statistics available related to participation of Black, Indigenous, and Persons of Color (BIPOC) working in housing development. The most reliable information has come from NAIOP, the commercial real estate development association (a 2013 survey), and the Urban Land Institute's (ULI) 2020 Demographics Report. Both bodies of work paint a picture of a professional space that is overwhelmingly white and male. OHCS should consider ways in which opportunities and systems can be designed to promote wealth creation for BIPOC communities through increasing diversity in housing development professions.

Female members-
Urban Land
Institute

28%

BIPOC members-
Urban Land
Institute

<12%

Black commercial real
estate professionals (NAIOP
Survey)

4.4%

Strengths, Challenges & Opportunities

Challenges

Inefficient internal grantmaking process
Out-dated rules and definitions
No coordinated capacity effort currently
No standing capacity building advisory group
Limited networking taking place
Need to know OHCS practices that conflict / create burden
Single OHCS staff for capacity building
New program build rather than refine and renew
Limited internal and external vantage point -tough to see systems opportunities

Framework Ideas

- General capacity building grants
- Bootcamp / Internship programs
- Regional networking opportunities
- Coordinated /paired funding opportunities
- Cyclical trainings
- Pre-development loans / capital grants
- Emergency support
- Rules, definitions, systems- review and updates

The pause in capacity building grants over the past few years has created a unique opportunity for OHCS. There are sufficient funds in the GHAP Capacity Building account to allow the program to provide needed general grants as well as invest more heavily in a transformative offering.

Conversations with stakeholders have brought a number of interesting insights to light. Universally, our partners would like help with pre-development costs, land acquisition, professional development, staff retention, asset management skill building and technical assistance. Additionally, there is broad agreement that OHCS' (ARH) online presence and information is complex and difficult to navigate. Metro-based organizations generally seem to be seeking help to be more competitive, and Rural organizations seem to be seeking help to address costs, increase and secure contractors and professional skill-set resources.

All small and mid-sized non-profit organizations contacted stated that a well-structured partnership with a larger developer can offer innumerable benefits to their organization's growth. These organizations also report that a majority of the revenue from their developer's fees goes to fund their organization's community and resident services.

SYSTEMS TO CONSIDER



COLLABORATION

What internal and external convenings and partnerships will increase impact?



FINANCING

Direct Support vs System Change?



POLICY

What policies are preventing progress towards statewide housing goals?



INFORMATION

How do we gather, share, use information towards identifying and meeting goals?



BUILDING WEALTH

How do our policies and programs feed into the larger strategy?

Opportunities

Data & ERJ



It is critical that OHCS prioritize and invest in robust data collection practices, tools, and analysis- and use the data to support creation of ERJ targets.

Equity and racial justice (ERJ) goals will not be met (nor any others) without good data. Understanding BIPOC-centered reinvestment and impact, and increasing visibility of communities of color within OHCS' data is central to creating ERJ targets, expectations, accountability, and strategic direction.

Partner Capacity



Increased collaboration, education, and support with community partners will help us understand the experience and impact of policy changes.

It is critical that OHCS thoroughly understand the real-world impact of our policies, particularly as the agency shifts to better center ERJ in policy-making and outcomes. Regular and accountable communication with internal and external partners will help improve policy design, effectiveness, and identify and address unintended consequences more quickly. For example: ERJ-related reporting for an ARH project is typically passed along to the culturally specific organization (CSO) that has agreed to "partner" on the project. Many times, these "partnerships" provide little (or no) financial compensation for the CSO.

Internal Capacity



OHCS needs an internal systems review and optimization plan.

The rapid growth of OHCS has put a strain on processes that had previously worked. As the agency expands there is a danger that scaffolding for new programs will be built upon outdated systems that further entrench bottlenecks and silos. The strain on internal systems (e.g. DOJ review, Procurement) is causing stoppage and preventing timely distribution of funds.

Industry Capacity



OHCS should coordinate partners (internal and external) to build and invest in a development and asset management "bootcamp" program.

Innovative training programs are springing up across the country. Many of these "bootcamp" programs provide two-year training, mentorship, experiential learning, and paid internships or placements. Additionally, public / private partnerships connected to the programs are leveraging resources to provide seed money and ongoing support for development projects led by program participants. Some regions have prioritized BIPOC community members for acceptance into their training program. Oregon needs a program like this to generate a pipeline for professional development, with a focus on expanding the developer and asset manager pool in BIPOC and rural communities.

Partnerships

Co-sponsor and co-owner relationships, when structured to empower, compensate, and build capacity in the emerging developer or minority entity, are highly effective in expanding the capabilities and impact of the participating organizations and the development project. These partnerships can address gaps in resources and skillsets, act as experiential learning opportunities for housing development professionals, and leverage existing knowledge and relationships to increase affordable housing development in service to rural and historically marginalized communities. OHCS must seek to identify best practices in these partnerships, and develop policies, pathways, and funding to encourage and adequately compensate them.

Looking Forward

Next steps

- Outreach to Housing Authorities
- General capacity building grants with modifications
- Capacity Building Survey
- Engagement series to outline
 - Bootcamp / Internship programs
 - Collective impact opportunities
 - Systemic barriers/opportunities review
- Regional networking

Re-establishing the General Capacity Building Grant is the program's first priority. This grant will allow our partners to directly address many of their immediate capacity building needs. Modifications to the grant are recommended to better center stakeholders needs, and outcomes related to OHCS' ERJ priorities. Changes to the grant will also enable organizations to use the funds for a broad range of capacity building activities.

Simultaneously, the Capacity Building program will be working with the Research Team and Diversity, Equity, and Inclusion Office to update data collection design, practices, and analysis to ensure that all information collected has purpose and a plan for utilization.

Stakeholder engagement will continue with the initiation of an annual capacity building survey, and invitation to participate in a series of facilitated discussions to further outline future offerings and opportunities.

Thank you to the following stakeholder groups for giving of their valuable time and insight:

- | | | |
|---|--|----------------------------|
| • Housing Oregon - Metro Policy Council | • Home Forward | • Housing Alliance |
| • Housing Oregon - Rural Policy Council | • Meyer Memorial Trust | • Collins Foundation |
| • Bienestar | • Northwest Coastal Housing | • NAYA |
| • Hacienda, CDC | • Farmworker Housing Development Corporation | • Inland Development |
| • Urban League | • Neighborworks Umpqua | • Siletz Tribe- Housing |
| • APANO | • NW Housing Alternatives | • Coquille Tribe- Housing |
| • Unite Oregon | • NOAH | • Umatilla Tribe- Housing |
| • Salem for Refugees | • Housing Development Center | • Metro Affordable Housing |
| • OHCS Tribal Housing Workgroup | • Proud Ground | • Bridge Housing |
| | • Enterprise | • One App |
| | | • Human Solutions |
| | | • HUD- ONAP |

The current housing crisis has created significant opportunities for program growth and innovation to respond to the needs of Oregonians.

Positioning OHCS to effectively address and balance current and future needs in a rapidly shifting landscape will require openness to innovation and structural change.

