Local Innovative Fast Track Program (LIFT)

OREGON HOUSING and COMMUNITY SERVICES

Rental Program Manual

Contact

Garrick Harmel
Senior Program Analyst
(503) 931-5362
garrick.harmel@hcs.oregon.gov

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Introduction

The Local Innovation and Fast Track (LIFT) program is administered by Oregon Housing and Community Services (OHCS) and is funded through the sale of Article XI-Q General Obligation bonds. LIFT was established in statute[1] by the Oregon Legislature in 2015 as an innovative way to increase the supply of affordable housing in Oregon for low-income households, specifically communities of color and rural communities.

LIFT supports the creation of new rental and homeownership projects. This manual describes the requirements and guidelines specifically for the LIFT Rental program and projects applying for or awarded LIFT funding. LIFT rental funding can be used to support the construction of new affordable rental units, the conversion of existing nonresidential buildings into new affordable housing, or to acquire like-new market rate rental housing and converting it to affordable housing. LIFT Rental funds are made available through the Oregon Centralized Application (ORCA). LIFT Rental applications are evaluated using the standards, criteria, and processes identified in the ORCA.

Program Goals

The primary goals of the LIFT Rental program are to increase the supply of new affordable housing in historically underserved communities, including communities of color and rural communities, throughout Oregon. Secondary goals of the LIFT Rental program are to place affordable housing units in operation as quickly as possible, while serving families earning at or below 60% of County Area Median Income (AMI). The impact of LIFT funds is measured by increasing the statewide affordable housing inventory (net new units), particularly in rural communities and communities of color.

Serving Rural Communities

Predating the Statewide Housing Plan, rural communities were named (in the statute creating LIFT) as a historically underserved community. As such, 50% of LIFT funds are set-aside specifically for projects located in rural communities, and rural projects are also required to serve members of cultural communities.

Serving Communities of Color

To meet the legislative intent of LIFT and to further OHCS' policy priorities around racial equity, all projects, in both rural and urban areas, must serve communities of color. OHCS recognizes that these approaches may look very different in urban communities, which could have a larger array of culturally specific or responsive developers or service providers in close proximity, than in rural communities where such organizations may not be as present. Furthermore, we are aware that some communities are more diverse than others

[1] ORS 458.485

and the outreach strategies must be tailored appropriately. Any approach that is chosen must include intentional and meaningful engagement of communities of color in services planning for the development.

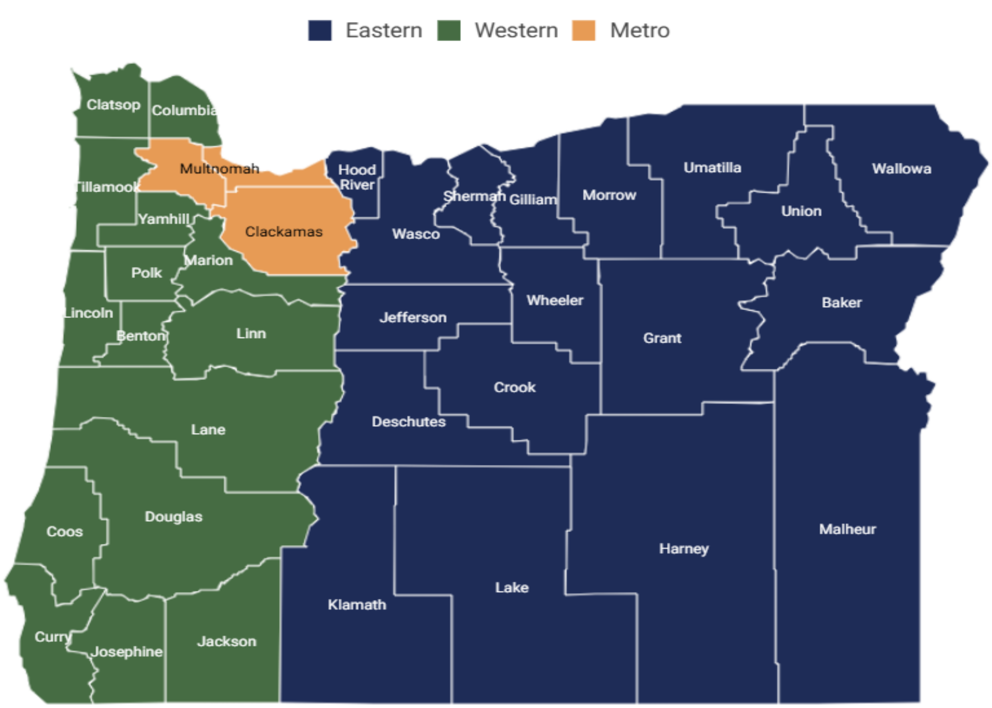
Resources that foster connections with cultural communities in rural areas are less likely to be stand-alone organizations. Instead, culturally responsive services and resources may be part of the array of services offered through organizations that serve the broader community and have connections to provide support to cultural communities, for example places of worship, community centers, stores that sell culturally specific products, or community agencies with outreach partnerships.

LIFT Funding set-asides

Within the ORCA, OHCS has reserved or "set-aside" funding for specific organizations and geographic regions to relieve the housing burden of historically underserved populations and ensure investment in communities across Oregon. These set asides can be found here: [ORCA Funding Set-Asides].

Geographic set-aside funding aligns with the [Oregon Housing Needs Analysis].

Set-aside regions



Culturally Specific Organization (CSO): an entity that provides services to a cultural community and the entity has the following characteristics:

- Majority of members and/or clients must be from a particular cultural community.
- Organizational environment is culturally focused, and the cultural community being served recognizes it as a culturally specific entity that provides culturally and linguistically responsive services.
- Majority of staff must be from the cultural community being served, and the majority of the leadership (defined to collectively include board members and management positions) must be from the cultural community being served.
- The entity has a track record of successful community engagement and involvement with the cultural community being served, rooted on a foundation of respect and trust; and
- The organization engages in advocacy for housing and/or economic justice for the cultural community with their guidance.

OHCS acknowledges many organizations are culturally responsive organizations, highly valued in the community for inclusive practices and meeting the needs of its communities and cultures. This does not necessarily meet the criteria of a culturally specific organization.

Nonprofit development in rural communities

OHCS defines rural or urban status in two parts. OHCS evaluates housing density by census tract and uses the National Center for Health Statistics (NCHS) County Schema to better understand the economic and community context surrounding a given tract. You can use the link below to determine whether a property location is designated as rural or urban: OHCS Rural or Urban Status Map.

Alignment with Other OHCS Manuals

MWESB/SDVBE: In addition to the ORCA manual, all projects that receive LIFT funds are required to adhere to OHCS' Minority, Women-owned, Emerging Small Business and Service-Disabled Veteran Business Enterprises (MWESB/SDVBE) Compliance Manual found here for Rental projects: OHCS-MWESB-Compliance-Manual_FINAL_1.2.23.pdf

GPGM: Rental LIFT projects must also adhere to the General Policy and Guideline (GPGM) Manual found here: General Policy and Guide Manual (GPGM)

Core-Development Manual: The standards in the Core-Development Manual (CDM) apply to ORCA funded LIFT projects. The CDM and more information can be found here: CDM

QAP: LIFT can be paired with 4% and 9% Low Income Housing Tax Credits (LIHTC)/Private Activity Bonds (PAB). If paired, the project will need to incorporate the requirements of the LIHTC Qualified Action Plan (QAP) which can be found here: Qualified Action Plan.

Program Requirements

Eligible Activities
LIFT funding can only be used to increase the number of net new affordable housing units in Oregon and cannot be used for projects that require rehabilitation. Eligible LIFT housing projects include new construction, the conversion of existing non-residential structures to affordable housing, and the acquisition of like-new properties. When applying for LIFT funds, a project must meet the criteria for the eligible LIFT activity that it is applying for.

New Construction**:** All new construction units funded through the LIFT rental program must be affordable to households earning at or below 60% HUD Area Median Income (AMI) at the time of initial lease, with an exception for the one manager's unit per project location. All takeout financing units funded through the LIFT rental program must be affordable to households earning at or below 60% HUD Area Median Income (AMI) at the time of initial lease, with an exception for the one manager's unit per project location. The project must be placed in service 36 months after Housing Stability Council awards a Letter of Intent (LOI) to the project. LIFT new construction projects utilize the new construction subsidy limits as defined in the ORCA. The developer fee requirements for LIFT new construction are the developer fee amounts listed in the ORCA manual.

Conversion of existing non-residential to affordable units**:** The conversion of non-residential units to affordable units is an eligible use of LIFT funds. Once converted, these units must be affordable to households earning at or below 60% HUD Area Median Income (AMI) at the time of initial lease, with an exception for one manager's unit per project location. All takeout financing units funded through the LIFT rental program must be affordable to households earning at or below 60% HUD Area Median Income (AMI) at the time of initial lease, with an exception for the one manager's unit per project location. The project must be placed in service 36 months after Housing Stability Council awards an LOI to the project. The conversion of existing non-residential units to affordable units utilizes the new construction subsidy limits as defined in the ORCA. The developer fee for LIFT conversion is the developer fee amounts listed in the ORCA manual.

Acquisition of like-new properties**:** LIFT can be used to acquire "like-new" properties. To be eligible for LIFT funds, the property must be constructed, have no existing affordability restrictions, and meet the following criteria:

Placed in service recently: Properties cannot be under construction. The submission of a complete Impact Assessment application must be within 7 years of the project's receipt of the certificates of occupancy.

Require no funding for renovations, this includes and is not limited to:
- Major systems (electrical, plumbing, HVAC)
- Envelope (siding, doors, windows)
- Roofs

- Replacement of finishes for durability
- Elevators

Meet Income requirements within 36 months: All units in like new market rate properties acquired with a LIFT Rental program loan must transition all units (except for one manager's unit, if applicable) and lease to households earning at or below 60% AMI within 36 months of purchase. The amount of the LIFT award available at financial closing will be proportional to the percentage of units in the property occupied by 60% AMI households. Prior to any LIFT funds being disbursed, proof of Certificates of Occupancy within the last 7 years prior to a complete Impact Assessment must be provided to OHCS. As units turn over and are subsequently occupied by 60% AMI households, additional funds can be drawn by the owner and if all requirements are met, paid by OHCS.

All takeout financing units funded through the like-new LIFT acquisition program must be affordable to households earning at or below 60% HUD Area Median Income (AMI) at the time the project is placed in service, with an exception for the one manager's unit per project location. All like-new LIFT acquisition projects utilize the rehabilitation/ acquisition subsidy limits as defined in the ORCA. For like-new LIFT acquisition projects, the developer fee is limited to 5% of overall costs to purchase the property and complete conversion of community space, if applicable.

In like-new market acquisition projects, the only rehabilitation use of LIFT resources allowable is to convert community or outdoor space to support tenants. LIFT funds cannot be used for relocation of tenants.

LIFT Subsidy Limits

ORCA subsidy limits apply to LIFT funding. Please note that when applying for LIFT funding through the ORCA, where LIFT is the only source of OHCS funding, the maximum Subsidy Limits are higher than maximum Subsidy Limits for a project where LIFT is paired with 4% or 9% Low Income Housing Tax Credits (LIHTC). ORCA subsidy limits can be found in the ORCA manual. Oregon Centralized Application (ORCA).

Calculation of LIFT subsidy**:** The first step to calculating the maximum amount of LIFT subsidy for a project is to identify the subsidy limits that are specific to your project (LIFT only or LIFT paired with LIHTC limits and income levels for each size of unit)**.**

LIFT new construction and the conversion of non-residential units to new affordable units both use the new construction subsidy limits. Here is an example[2] of an Urban New Construction subsidy chart.

	Urban New Construction			
Incomes Served (based on unit restrictions; PBRA units use 60% AMI)	**Studio**	**1 bedroom**	**2 bedroom**	*+ Per-Bedroom*
30% AMI	$265,000	$325,000	$385,000	*$60,000*
40% AMI	$250,000	$300,000	$350,000	*$60,000*

Acquisition of like-new housing in a rural area uses the Rural Acquisition/ Rehabilitation subsidy limits.

	Rural Acquisition / Rehabilitation			
Incomes Served (based on unit restrictions; PBRA units use 60% AMI)	**Studio**	**1 bedroom**	**2 bedroom**	*+ Per-Bedroom*
30% AMI	$190,000	$250,000	$310,000	*$40,000*
40% AMI	$175,000	$235,000	$295,000	*$40,000*

Using the appropriate subsidy limits for each eligible use, the LIFT subsidy limits are calculated by determining the following:

- **Urban or Rural:** Whether the project will be urban or rural, OHCS Rural or Urban Status Map
- The **Area Median Income** that the units will target
- The number of **bedrooms** that are proposed in each unit.

For example, in a LIFT-only 30-unit new construction project of 1-bedroom units located in a rural location, with AMI set at 40%, the maximum LIFT new construction subsidy amount would be the following:

Unit Mix	Quantity	Urban/ Rural	% AMI	Subsidy Amount	Total LIFT subsidy
1 BR	30	Rural	40	$235,000	$7,050,000

[2] These tables are examples only and may not accurately represent the most up to date subsidy limits. Please refer to the ORCA up to date subsidy limits.

Development Timeline and Placed in Service Dates**:** At application, the project's construction schedule must support the 36-month lease-up requirement. For LIFT new construction and conversion, the placed in-service date is 36 months after Housing Stability Council approves a Letter of Intent (LOI) for the project. Obtaining a Certificate of Occupancy and having units ready to be leased up within the 36-month timeframe meets this Placed in Service requirement.

For LIFT Rental acquisition, it is expected that all LIFT-funded units in a property will be leased to tenants earning at or below 60% AMI within 36 months of purchase. LIFT Rental acquisition projects are considered placed in service when all LIFT-funded units are leased to tenants earning at or below 60% AMI or 36 months after applicant's purchase of the Project, whichever is earlier.

Operational or Ownership Interest

To use Article XI-Q General Obligation bonds for the creation of new rental housing, the conversion of existing non-rental structures to affordable housing, and for the acquisition of like-new properties, the State of Oregon is required to hold an operational or ownership interest in the project. The LIFT program is structured to hold an operational interest only and does not hold an ownership interest. OHCS uses an Operating Agreement approved by the Oregon Department of Justice (DOJ) as the instrument to do this.

Affordability Period and Loan Terms

For LIFT only projects, LIFT has a minimum 30-year affordability period, which starts the end of the year that the Project is placed in service. LIFT funds are loaned at 0% interest with payments deferred throughout the affordability period. Loans are due and payable upon completion of the affordability period. LIFT loans may be prepaid without penalty, though the affordability restrictions will remain upon repayment for the full affordability period.

In lieu of payment, LIFT loans can be satisfied by extension of the affordability period in any combination for a minimum of 60 years or by a combination of repayment and extended affordability as acceptable to OHCS. If paired with Tax Credits, the LIFT Project's affordability will align with LIHTC requirements and through extending the affordability, meet the requirements of the tax credit affordability period.

All Projects awarded 9% LIHTC must, as a requirement of LIHTC, remain affordable for a minimum of 60 years, including projects that are paired with LIFT. For loan satisfaction, the borrower can meet the 60-year affordability period and then elect to extend the affordability period for a minimum of an additional 5 years. If the borrower does not elect to use the loan satisfaction option, the loan becomes due and payable at the end of the 60-year LIFT affordability period.

All 4% LIHTC Projects must remain affordable, as requirement of LIHTC, for 60 years except for Projects where LIHTC resources are paired with LIFT with an affordability period of at least 30 years. If the borrower elects to use the loan satisfaction option, they can choose to extend the affordability period for a minimum of 30 years to be in alignment with the 4% LIHTC requirements.

For LIFT funds to be loaned to qualifying Applicants, site control in the form of either an undivided fee simple interest in the project site, or a long-term lease for at least the length of the affordability period, executed at or before loan closing, must be verified. The LIFT loan must be secured by a first-lien deed of trust acceptable to OHCS and recorded against the fee interest in the Property. OHCS may share a first lien security interest with other lenders, subject to the execution of OHCS' Intercreditor agreement and other documents necessary to establish the relative priority and rights of the parties.

If the LIFT loan is foreclosed prior to the completion of the affordability period established in the LIFT loan documents, the affordability will be extended for an amount of time equal to the affordability period established in the LIFT loan documents.

Underwriting Guidelines

Underwriting guidelines will be applied by OHCS in its due diligence and project review process to ensure ongoing project viability and risk mitigation associated with the LIFT Program. Such guidelines will be consistent with the industry standard minimum requirements of mortgage lenders, investors, and other potential public sources. More details can be found in the General Policy and Guideline Manual (GPGM).

Maximum Developer Fees

OHCS allowable developer fees for new construction and conversion activities are calculated as (developer fee + consultant fees) divided by total Project cost – (acquisition cost + developer fee +consultant fees + capitalized reserves). OHCS' maximum developer fees can be found in the GPGM.

For takeout financing, no developer fee is available.

Construction Standards

LIFT construction requirements are intended to encourage innovation and allow for all types of new construction. All projects must meet local and state code requirements. In the case that another funding source has its own requirements, the most restrictive requirements must be met. Both traditional and alternative methods of new construction are allowable; construction that is innovative in containing costs or otherwise serving low-income populations is encouraged. OHCS requires evidence that the Project's General

Contractor is currently licensed with the State of Oregon Contractor's Certification Board (CCB) and is in good standing.

LIFT requires building to a 30-year standard. This is defined as construction that balances the initial cost of building with on-going costs of operation for the building owner. Meeting this standard includes utilizing building materials and major building systems that accomplish this requirement in addition to adequately planning for the replacement of major building components and systems.

Development Timeline

For LIFT projects that are funded through the ORCA, the development timelines and requirements of the ORCA process will be followed, and the placed-in-service date must be within 36 months of the Housing Stability Council's approval of an LOI.

Closing Process

The ORCA outlines the process, steps, and timelines to close on funding awarded through the application process. Applicants are required to meet all evaluation standards to indicate to OHCS that they are ready to close out the application process. In addition, applicants must submit all other required supplemental documents. Please refer to the evaluation standards listed in the ORCA in the Commitment section of the ORCA manual for further information: Oregon Centralized Application (ORCA).

For LIFT and 9% LIHTC transactions, the Applicant must give OHCS at least thirty (30) days written notice of the scheduled Construction Closing. At least ten (10) days prior to the Construction Closing, but after the general contractor bids have been received, the Applicant must submit to OHCS the Project's final development budget, final sources of funds, and documentation to substantiate the final budget.

For LIFT and 4% LIHTC transactions, the Applicant must submit to OHCS the Project's final development budget, final sources of funds, and documentation to substantiate the final budget items at least ten (10) days prior to OHCS staff submission to OHCS Finance Committee for approval.

Project Completion, Lease-up, and Close Out

If a new construction or conversion from nonresidential to residential project does not utilize 4% LIHTC/Conduit Bonds, or 9% LIHTCs, then upon receipt of the project's Certificates of Occupancy and successful lease up, the following items must be provided to the Production Analyst working with the project:

- Updated Final application with updated and balanced sources & uses
- Certificates of Occupancy or Final Building Inspections for all buildings
- Digital Photos of the exterior of the project

- Any amendments to the property management agreement approved before construction close.
- Certificate(s) of insurance naming OHCS as a loss payee
- Site Map showing building addresses and unit numbers
- MWESB Final Application Matrix

If the project has 4% LIHTC/Conduit Bonds, follow the process for receiving 8609's in the QAP.

For like new acquisition projects, closeout will happen once all units are leased to households earning at or below 60% AMI.

For takeout financing, the project's production analyst will let the owner know if there is any additional information needed after financial closing.

Ongoing Compliance and Asset Management

LIFT has adopted the LIHTC Compliance Manual, found here: LIHTC-Compliance-Manual-2016, this is the standard for the ongoing monitoring of operating projects. Information will be transferred to the OHCS Portfolio Administration Section for on-going compliance until the end of the project's affordability period.

An annual Certificate of Continuing Compliance will be required as well as periodic onsite inspections and monitoring, according to Portfolio Administration's guidelines and the LIHTC Compliance Manual. A compliance monitoring fee sufficient to cover OHCS' due-diligence costs will be required annually. This fee may be adjusted over time by OHCS.

In addition, for LIFT only projects, OHCS will not require annual independent 3rd party audited financial statements unless they are required by a lender as OHCS is more interested in how the property is performing. If the property is meeting all its other annual certification, Asset Management, and operating requirements, then internal financial statements in addition to the Prolink Standard Template submitted through the Procorem WorkCenter for the property within 90-days of the close of the fiscal period will suffice.

If any time in the future, OHCS determines, at its sole discretion, that it needs more information, specifically as it relates to a property's financial performance, then OHCS will ask for independent 3rd party audited financial statements at the owner's expense and may continue to do so until the performance issue is resolved.

Statutes and Rules Relevant to LIFT

Many of the requirements for LIFT come directly from Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR). The statutes and rules below pertain to OHCS, the LIFT Program, and Article XI-Q Bonds.

- **ORS chapter 456**: Housing statutes including Housing and Community Services Department definitions, administration, bonding, etc.
- **ORS 458.480 - 458.490:** LIFT statutes
- **OAR chapter 813**: Administrative Rules for Housing and Community Services Programs (to the extent applicable)
- **OAR chapter 813, division 135**: LIFT Program Rules
- **ORS 286A.816 – 286A.826 and OAR 122-075-0100 through 122-075-160**: Statutory Framework and Administrative Rules related to the administration of Article XI-Q bonds

Mixed-Income Affordable Housing Projects

LIFT rental funding can be used in mixed-income housing projects where a portion of the units meet LIFT eligibility requirements.

For a Project that includes unrestricted units, OHCS has several standards that must be adhered to in order to be eligible for and receive funding.

1. Project must have affordability restrictions placed on a minimum of 10 units or 10% of total units, whichever is greater.
2. Funding may not be used for the acquisition, construction, or rehabilitation of, or for any other costs relating to unrestricted units.
3. Shared costs including, but not limited to, roof, parking, or infrastructure costs, may be financed in part using OHCS resources in the manner described in OAR Chapter 813 Division 380.
4. The allocable cost of tenant facilities, such as swimming pools, other recreational facilities, and parking areas may be included provided there is no separate fee for the use of the facilities, and they are made available on a comparable basis to all tenants in the project.

Eligible and Non-Eligible Costs

For LIFT Rental, the ORCA lists examples of eligible and non-eligible costs, however some costs listed in the ORCA do not align with Article XI-Q Bond requirements. For LIFT Rental, the following is a list of Eligible and non-Eligible Costs.

LIFT funded projects are eligible to submit draw requests with invoices for reimbursement of project expenses upon the recording of the applicable program loan documents. Upon receiving a request for reimbursement, the assigned Production Analyst reviews all invoices to determine eligibility of payment out of the Article XI-Q bond proceeds.

Examples of allowed hard and soft costs:
- Direct Project Costs
- Land Costs (including paying acquisition loans)
- Construction Costs, which can include:
  - Minor demolition costs
  - Construction equipment for the project
- For Modular Projects:
  - Costs necessary to place the asset into its intended location and condition for use. Ex: Freight/Transportation
- Engineering Costs
- Architectural Costs
- Development Contractor Costs
- Accounting and legal costs
- OHCS, DOJ, BOLI, DEQ fees and charges (Only allowable at construction closing)

Examples of unallowed bond costs:
- Moving Costs (relocation costs)
- Pollution Remediation Costs
- Rent Costs (temporary office space for employees to work)
- Operating Costs (Office supplies, training, meals, etc)
- Indirect or Administrative Costs (operating reserves, replacement reserves, staff payroll, etc)
- Professional Membership Dues
- Expenses incurred prior to site identification or incurred to determine best location of project.

Article XI-Q Bond proceeds cannot fund a project reserve account for replacement, a project reserve account for unanticipated increases in operating costs, or operating subsidies.

Definitions

The terms defined in this LIFT Manual (including those provided in this subsection), as well as terms defined in other existing Program documents, will have the following meanings unless the context clearly indicates otherwise:

Affirmatively Furthering Fair Housing (AFFH): A provision of the 1968 federal Fair Housing Act that legally requires that all federal departments and agencies, as well as grantees of federal funding, must administer their programs and activities relating to housing and urban development in a manner that affirmatively furthers the purposes of the Fair Housing Act. Since 1 For further information, see Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3608, and Executive Order 12892 the Fair Housing Act has two primary purposes – to prevent discrimination in the sale, rental, and financing of housing based on race, color, national origin, religion, sex, familial status, and disability and to reverse housing segregation – affirmatively furthering fair housing is fulfilling the dual purpose of the law. Specifically, as enforced by the U.S. Department of Housing and Urban Development (HUD), affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity based on protected characteristics, by replacing segregated living patterns with truly integrated and balanced living patterns by transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and by fostering and maintaining compliance with civil rights and fair housing laws.

Applicable Fraction: the fraction, either “Unit fraction” or “Floor space fraction," utilized in the Department's allocation of cost sharing in mixed income housing projects financed by the Department.

Applicant: A person or entity that applies for LIFT Rental funding by completing an application provided by OHCS.

Area Median Income (AMI): The median income for the county in which the Project is located, adjusted for family size, as determined by the Housing and Community Services Department using U.S. Department of Housing and Urban Development information.

Borrower: The entity to which LIFT funds are issued upon satisfaction of all associated conditions of the reservation and underwriting requirements. It is also the entity responsible for assuring that all conditions of the LIFT loan are fulfilled.

Construction: For LIFT funding, construction is defined as planning, design, and the actual building, or rehabilitation of structures intended for the purpose of creating affordable housing. Constructed housing follows an approval process of meeting codes and standards until occupied. To be able to utilize LIFT funding, a project cannot be under construction while applying for or planning to apply for OHCS funding.

Communities of Color: identity-based communities that hold a primary racial identity that describes shared racial characteristics among community members. The term aims to define a characteristic of the community that its members share (such as being African American) that supports self-definition by community members, and that typically denotes a shared history and current/historic experiences of racism. An older term for Communities of Color is that of "minority communities" which is increasingly inaccurate given that people of color are majority identities on a global level. That term has also been rejected for its potential to infer any inferior characteristics. The community may or may not also be a geographic community. Given that race is a socially defined construct, the definitions of these communities are dynamic and evolve across time. The Coalition of Communities of Color defines Communities of Color to include Native Americans, Latinos, Asian and Pacific Islanders (further disaggregated according to local preferences), African Americans, African Immigrants and Refugees, Middle Eastern, and Slavic communities.

Culturally Responsive Organization (CRO): an entity that comprehensively addresses power relationships throughout the organization, from the types of services it provides and how it maximizes language accessibility to its human resources practices-who it hires, how they are skilled, prepared and held accountable, to its cultural norms, its governance structures and policies, and its track record in addressing conflicts and dynamics of inclusion and exclusion, to its relationships with racial groups in the region, including its responsiveness to expectations. Furthermore, a Culturally Responsive Organization is one that is dynamic, on a committed path to improvement and one that is hardwired to be responsive to the interests of Communities of Color. Culturally responsive organizations hire and train culturally and linguistically diverse staff to meet the needs of the diverse communities they serve.

Culturally Responsive Services: Services that have been adapted to maximize the respect of and relevance to the beliefs, practices, culture and linguistic needs of the diverse client populations and communities being served, including clients and Communities of Color. Cultural responsiveness describes the capacity to respond to the issues of diverse communities. Culturally responsive services assure competent language access and incorporate diverse cultural approaches, strengths, perspectives, experiences, frames of reference, values, norms and performance styles of clients and communities to make services and programs more welcoming, accessible, appropriate, and effective for all eligible and intended recipients. Culturally responsive services require knowledge and capacity at different levels of intervention: systemic, organizational, professional, and individual.

Culturally Specific Organization (CSO): an entity that provides services to a cultural community and the entity has the following characteristics:

- Majority of members and/or clients must be from a particular cultural community.
- Organizational environment is culturally focused, and the cultural community being served recognizes it as a culturally specific entity that provides culturally and linguistically responsive services.

- Majority of staff must be from the cultural community being served, and the majority of the leadership (defined to collectively include board members and management positions) must be from the cultural community being served.
- The entity has a track record of successful community engagement and involvement with the cultural community being served, rooted on a foundation of respect and trust; and
- The organization engages in advocacy for housing and/or economic justice for the cultural community with their guidance.

Developer: An organization with a controlling interest in the proposed or funded Project that is or will be compensated for that controlling interest.

Development Team: All persons or organizations materially involved in the acquisition, construction, rehabilitation, development, or improvement of the Project, including but not limited to the Applicant/Borrower, Developer, project management consultant, and general contractor.

Floor Space Fraction: the fraction including the numerator, which is the total floor space of the rent-restricted units in the building, and the denominator, which is the total floor space of all residential rental units. Floor space includes the entire footprint of the unit, including closets within the unit and balconies attached to the unit for the sole use of the tenants occupying the unit.

Identity of Interest: A financial, familial, or business relationship that permits less than arm's length transactions. Examples of relationships in which an Identity of Interests may be present include but are not limited to: Related Entities/Persons; persons, entities, or organizations affiliated with or controlled by or in control of another; existence of a reimbursement program or exchange of funds; common financial interests; common officers, directors, stockholders, or managers; or family relationships between officers, directors, or stockholders.

Local Innovation and Fast-Track Housing Program (LIFT, LIFT Program, or **LIFT Housing Program):** The Program established by ORS 458.480 – 458.490 and implemented by OHCS.

LIFT Rental: The part of the LIFT Program that is administered by the Affordable Rental Housing Division and that provides funds to create net new affordable rental housing units.

LIFT Rental Project: a Project that is awarded LIFT Rental funding.

Low-Income: Households of one or more individuals whose combined incomes are at or below 60 % of the Area Median Income (AMI).

Manual: The LIFT Rental Manual (this document).

Mixed-Income Housing Project: a development that is comprised of housing units with differing levels of affordability, typically with some market-rate housing and some housing that is available to low-income occupants below market-rate.

Shared Cost Allocation Methodology 813-380-0015

(1) The Department may finance only the portion of housing projects consisting of units rented to households with an income below 120 percent of the area median income, as defined in ORS 485.610. The Department shall utilize the Applicable Fraction when allocating the rent-restricted portion of a Mixed Income Housing Project's shared costs, including infrastructure, parking, and other amenities included in the Applicant's pro forma development plan.

(2) The Applicable Fraction used in determining shared costs in a Mixed Income Housing Project shall be the lesser of the Unit Fraction or the Floor Space Fraction. The Department shall calculate both fractions for each Mixed Income Housing Project funding application and apply the smaller fraction total to determine the shared cost allocation. The Applicable Fraction is carried out four decimal places.

(3) The allocable cost of tenant facilities, such as swimming pools, other recreational facilities, and parking areas, may be included provided there is no separate fee for the use of the facilities, and they are made available on a comparable basis to all tenants in the project.

Operate: Having sufficient direct or indirect control of Qualified Property that reasonably enables the Housing and Community Services Department, in its determination, to ensure the Qualified Property's use for the purpose of providing affordable housing under the LIFT Program established in ORS 458.485.

Oregon Centralized Application (ORCA): The Oregon Centralized Application is a non-competitive funding process that offers loan, grant, and tax credit funds. The ORCA allocates funds on a first-come, first-reviewed basis with the goal of ensuring project readiness before a final commitment of funds is awarded. OHCS does not prescribe any pace for getting through the application steps. However, inactivity or failure to make progress on meeting evaluation standards for a period of between 6 and 12 months, depending on the step, will potentially remove a project from the application process and require it to restart at Intake.

Unit fraction: the fraction including the numerator, which is the number of rent-restricted units in the building, and the denominator, which is the total number of residential rental units in the building.

Principal(s): (1) With respect to a Project owned by a partnership, the partners; (2) with respect to a Project owned by a limited liability company, the members and managers; and (3) with respect to a Project owned by a closely held corporation, the shareholders.

Procorem WorkCenter: a secure portal technology solution by ProLink Solutions™ and used by OHCS to help facilitate collaboration and communication models for all ORCA applicants and future housing partners. The Procorem WorkCenter includes a repository for electronic document submission, a task management and tracking tool, an events calendar, and communication features.

Program Requirements: All terms, conditions, covenants, or other obligations of an Applicant or Owner (including through their officers, employees, contractors, agents, and assignees) with respect to a Program from which funding is sought or provided with respect to a Project, including as contained in relevant statutes, regulations, administrative rules, manuals, codes, OHCS directives, policies, applicable documents, or otherwise.

Prolink Standard Template: an excel workbook provided by OHCS to be used by owners/ property management agents to submit financial information. The workbook is based on the HUD Chart of Accounts and is imported into OHCS' HFA software program for analysis and recording.

Project: A low- income rental development for which funding, in whole or in part, is sought from or obtained from OHCS. A Project may include one or more buildings and any associated common area and may be located on scattered sites. The minimum number of units that LIFT can fund is 5 units.

Related Entity/Person: These include, but are not limited to; (1) members of a family; (2) a fiduciary and either a grantor or a beneficiary of a trust; (3) a party and a federally tax-exempt organization that the party, or members of the party's family, controls; (4) a party and either a corporation or a partnership in which the party has more than a fifty percent (50%) ownership interest; (5) two business entities, either corporations or partnerships, where a party has more than a fifty percent (50%) interest in each; (6) two corporations that are members of the same controlled group; and (7) two parties engaged in trades or businesses under common control.

Rural Communities: The OHCS Rural - Urban definition first evaluates housing density by census tract. Those tracts with 640 or more housing units per square mile are tentatively considered urban, below 640 housing units is rural. Next, OHCS uses the National Center for Health Statistics County Schema to better understand what the economic and geographic environment the tract is part of. About 3.5% or 35 of 1,002 tracts were affected by the county code matrix. Rural tracts in an urban core county (e.g., Multnomah) shift to urban, urban tracts in rural or noncore counties flip to rural (e.g., downtown Klamath Falls). Lastly, within counties coded as a 3 or 4, a city/town cannot be considered urban if the city/town is located further away than 30 miles from the nearest respective MSA. The

OHCS Rural or Urban Status Map is a helpful tool in letting sponsors know what category to select when completing an application. Please note that you will need to search for specific addresses, as parts of the same city/town may include both rural and urban designations due to using density to determine rural or urban status.

(CT) Housing Density?	County Code?	Result
Rural	1	Changes to Urban
Rural	2 to 6	Remains Rural
Urban	1 to 4	Remains Urban
Urban	5 or 6	Changes to Rural

Shared Costs: overhead or project costs that, by their nature, support the entire project rather than specific units. These could include, but are not limited to, roof, parking, or infrastructure costs. Per OAR 813-380-0005 through 813-380-0015, OHCS has adopted a methodology for allocating affordable housing portion of a housing development's shared costs.

Tribe or Tribal: A federally recognized Native American Tribe or Indian Tribe in Oregon, as defined in ORS 182.162, or related to the same.

Tribal-led Project: A project that is sponsored by a Tribe, a Tribally Designated Housing Entity, or an organization owned by a Tribe.