



Entry Form 2017 Annual Awards for Program Excellence

Entry Deadline: Thursday, June 15, 2017, Midnight ET

Each entry must include a completed entry form. Please complete a form for each entry your HFA is submitting. The completed entry form will become the first page of your entry.

This form is a fillable PDF. Type your information into the entry form and save it as a PDF. Please do not write on or scan the entry form. **Questions: Call 202-624-7710 or email awards@ncsha.org.**

Entry Title: Enter your entry's title exactly as you wish it to be published on the NCSHA website and in the awards program.

Category:

Subcategory:

Entry Summary: A 15-word (max) summary of the program, project, or practice you are entering.

HFA:

HFA Staff Contact:

Phone:

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Visual Aids:

Are you mailing to NCSHA 10 copies of any visual aids that cannot be included in your entry PDF? Yes No

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Oregon Housing and Community Services

Local Innovation and Fast Track (LIFT) Housing Program

Rental Housing: Encouraging New Production

Housing Finance Agency: Oregon Housing and Community Services

Entry Name: Local Innovation and Fast Track (LIFT) Housing Program

Category Name: Rental Housing, Encouraging New Production

Overview

Oregon's economy is thriving, the population is growing, and the state is viewed as one that provides a high quality of life for its residents. While these are all generally positive trends, they have led to significant shifts in local housing markets and brought about serious concerns regarding housing affordability throughout the state. Vacancy rates, in many areas of the state, have hovered around 1% and rental rates are on the rise. In fact, a recent report by Zillow shows that between January 2013 and January 2017 Oregon has seen a 30% rental pricing increase, the largest in the country. While some households can bear the higher costs of housing, there are many who cannot and are struggling to remain stably housed or to find safe, decent housing that doesn't consume a majority of their earnings. There is a severe shortage of units that are affordable to low income households and a critical need for federal, state, and local investment to reduce that shortage.

These issues are exacerbated among Oregon's historically underserved communities; notably both Communities of Color and rural communities. As Oregon evolves into a more diverse state, it continues to contend with a history of racism and institutional discrimination; reflected through extensive redlining and historic 'urban renewal' processes that systematically and repeatedly has displaced Communities of Color. Rural communities also struggle to address housing needs, often being overshadowed and out-competed for resources by their urban counterparts. On every front, from the need for housing repairs and adequate service provision to economic stimulus and infrastructure, the large rural area of the state is underrepresented and increasingly disenfranchised.

Faced with this unprecedented statewide housing crisis, Oregon Housing and Community Services, (OHCS) in collaboration with the Oregon Legislature, developed an innovative program to utilize state resources for affordable housing development. The Local Innovation and Fast Track (LIFT) Housing Program's objective is to build new affordable housing for low income households, especially families with children, while focusing on cost effective development in historically underserved communities.

Innovative Use of Resources

In 2015, the Oregon Legislature committed \$40 million of general obligation Article XI-Q bonds to fund the LIFT program. This funding source requires that the state owns or operates the asset produced with this resource and as such is traditionally used to fund state infrastructure projects. In a resource constrained budget climate, affordable housing advocates found traditional sources of revenue for housing significantly oversubscribed and challenged OHCS to identify a path for using this funding

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stream to develop cost effective affordable housing. Identifying a way to use this new funding source would provide OHCS and its partners with another tool for adding to the supply of affordable housing, in particular, for historically underserved communities.

When standing up the LIFT program, OHCS convened a financial structuring committee made up of external partners and stakeholders in conjunction with the state's policy guidance board, the Housing Stability Council. The committee was charged with developing a plan to efficiently use the newly committed funds and maximize the impact it will have in communities across the state. Key to LIFT program design was identifying an effective way to use the Article XI-Q bond funding for housing development; these funds require the state to own or operate any real property development using this resource which had never before been used to fund affordable housing development in the state. In collaboration with the financial structuring subcommittee of the Oregon Housing Stability Council, OHCS developed a structure that allowed projects to leverage LIFT funds with 4% Low-Income Housing Tax Credits (LIHTC) and OHCS issued Tax Exempt Bond financing while satisfying the legal operational requirements of the general obligation bonds.

Strategic Alignment

OHCS saw LIFT as an opportunity to align this new state housing investment to address gaps in the states historically underserved communities while also strategically incorporating the need for housing among Oregon's most vulnerable citizens. In developing the program concept, in conjunction with a policy subcommittee of the state's Housing Stability Council, OHCS established a two-fold lens for this prioritization. First, in order to be eligible for LIFT funding, project applicants were required to demonstrate that they were either serving rural communities of specified population thresholds or Communities of Color. Additional requirements included partnerships with culturally-specific organizations, relevant marketing and outreach strategies that affirmatively further fair housing, and siting to address historic displacement.

Second, OHCS saw the opportunity to create a strategic partnership with the Oregon Department of Human Services (DHS) Child Welfare and Family Self-Sufficiency programs. DHS identified that the lack of available and affordable housing was a primary factor reported by case workers that restricted the ability for family reunification and stability among clients. In collaboration with DHS, OHCS worked to understand the housing needs as serving extremely low income households in permanent housing positions. OHCS incorporated the preference for serving DHS clients into the project design by incentivizing local level partnerships with DHS field offices for household referrals and unit set asides with in project scoring.

Cost Savings Strategies

Of key interest to the Oregon Legislature and stakeholders was prioritizing the use of this new state funding source for affordable housing in a way that would allow for innovative and replicable

Oregon Housing and Community Services

Local Innovation and Fast Track (LIFT) Housing Program

Rental Housing: Encouraging New Production

development strategies which serve to reduce costs. In order to encourage creative development strategies OHCS did not layer intensive regulations and requirements on proposed building structures. In addition, incentive points were incorporated into scoring for construction costs that were lower than traditionally seen for the building type as well as demonstrating the efficiency and replicability of the approach to development.

Benefit to Oregonians: 919 New, Affordable Homes

OHCS issued a funding notice for the \$40 million in allocated LIFT funds in September of 2016 and received more applications for the resources than we were able to fund. Among the twelve projects selected for funding in January of 2017 were 276 units in seven projects located in rural Oregon and 643 units in five projects serving Communities of Color. These projects each exhibit dynamic relationships with service providers to ensure comprehensive supports for residents; in fact 131 of the newly constructed units will be dedicated to serve DHS clients in Child Welfare and Family Self-Sufficiency programs.

Incorporated into each of the projects are dynamic measures to best serve their target households; there are projects that create a new community resource in addition to much needed housing resources, projects that use modular and manufactured housing models to reduce costs while matching the surrounding community, and projects that incorporate flexible housing structures to ensure the project can evolve with changing housing demands. Some of the projects are targeting historic African American neighborhoods while others are making connections to serve immigrant and refugee populations. DHS partnerships are integral throughout; local DHS offices have even committed bilingual staff to work on site at some projects.

The projects funded have brought in traditional and new affordable housing developers who are eagerly working their way through the intricacies of this new funding source. It is anticipated that LIFT projects will begin closing this summer and have planned short development timelines to rapidly deliver this much needed housing supply to Oregonians.

What's Next?

As OHCS continues to develop the existing LIFT pipeline projects, the Oregon State Legislature is looking to address the housing crisis while also balancing a budget with a \$1.6 billion shortfall. Having seen the success demonstrated by the LIFT program using the Article XI-Q bond authority, Oregon's Governor Kate Brown has included a request of \$60 million for the LIFT program in her 2017-2019 proposed budget. The success of this initiative demonstrates that OHCS took on a leadership role in innovating to problem solve the use of new restrictive funding sources. This same approach could be replicated in other resource constricted environments. Fundamental to the program's success was the detailed involvement and partnerships which spurred interest and will result in meeting the needs of Oregonians and achieving greater equity across the state.