

Local Innovation and
Fast Track Homeownership
Oregon Housing and Community Services
Homeownership: Encouraging New Construction

HFA Staff Contact

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Oregon Housing and Community Services
Local Innovation and Fast Track (LIFT) Homeownership
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Local Innovation and Fast Track (LIFT) Homeownership

A 2022 Oregon Housing Needs Analysis revealed a deficit of about 140,000 homes across Oregon. To address this crisis effectively, the state will need to create more than 580,000 new homes within the next 20 years to meet the escalating demand. Innovative thinking, approaches, and programs will be required to achieve this ambitious goal, with roughly half of the new homes needing to be considered affordable.

The [Local Innovation and Fast Track \(LIFT\) Homeownership program](#), implemented by Oregon Housing and Community Services (OHCS), is one innovative tool available to the state to address the housing shortage. With a focus on rapidly increasing housing supply, developers may be eligible for up to \$200,000 in gap funding for each new home that is available and affordable for purchase by a low-income household.

Using Oregon’s Article XI-Q Infrastructure Bonds, LIFT accepts affordable housing as infrastructure and an eligible use of these capital funds as long as the state maintains an ownership or operational interest in the developed property. For homeownership, this means supporting permanent or long-term affordability models. LIFT Homeownership recipients must keep the homes affordable to households with an income of 80% of area median income (AMI) or lower for a 20-year period, with an optional 20-year renewal to forgive the loan. Most LIFT Homeownership developers operate as or partner with community land trusts (CLT) that enter into 99-year ground leases with their homebuyers, easily satisfying a 40-year affordability period.

The LIFT Homeownership program has steadily grown since its launch in 2018, both in funding and in projects and homes supported, and the state of Oregon hopes to see it continue to innovate and grow.

ARE INNOVATIVE

Oregon is one of the few states using infrastructure bonds to create homeownership opportunities. The use of these funds has unlocked millions of dollars in funding to increase Oregon’s housing supply.

Many of the homes built through LIFT are sustainably built to decrease energy costs for homeowners and have some elements of universal design to ensure they are accessible.

To comply with LIFT’s operational control requirements, developers typically implement a permanent or long-term affordability model. Most recipients follow the community land trust model where homeowners purchase and own the home and sign a 99-year ground lease with the CLT. The homeowner will gain equity on their mortgage payments and either earn a percentage of the property value growth over time or will increase equity by a fixed percentage every year. If they choose to sell, the CLT will help to ensure another eligible low-income buyer will buy the home.

ARE REPLICABLE

“Housing is infrastructure” as a concept has been growing across the country. Oregon’s innovative interpretation of that concept has created a sustainable financing resource for safe and affordable homeownership developments. Depending on legislative priorities, the financing is renewable and variable each year to fund new developments.

The adoption of this interpretation has led to the expansion of CLTs across Oregon as longstanding homeownership developers have adopted a permanent affordability model or partnered with other longstanding CLTs that serve multiple communities in Oregon.

Oregon Housing and Community Services Local Innovation and Fast Track (LIFT) Homeownership Homeownership, Encouraging New Construction

IMPORTANT STATE HOUSING NEED

To keep up with population growth and need, Oregon's governor has set a goal to create 36,000 new homes per year. LIFT Homeownership is an essential tool in helping the state reach this goal.

In addition, LIFT Homeownership directly aligned with three aspects of the Statewide Housing Plan:

- Rural Communities: OHCS sets aside half of all LIFT funding for developments in local communities and provides additional support to rural applicants.
- Homeownership: LIFT seeks to fund safe and affordable homeownership opportunities, ensuring a balanced and equitable approach to new housing. The permanent affordability model allows households to enjoy all the benefits of homeownership, including equity growth that will benefit generations to come, while building homes that will still be affordable for the next generation.
- Equity and Racial Justice: OHCS is committed to closing the housing gap in communities of color, especially in rural communities. LIFT applicants are scored on equity, diversity, and inclusion, and their work must include some level of outreach to and work for underserved populations while still following fair housing laws.

BENEFITS TO OREGONIANS AND UNDERSERVED MARKETS

The goals of the LIFT program are to:

- Create new affordable homes that serve historically underserved communities, especially communities of color;
- Foster increased homeownership opportunities in rural areas and greater density in urban ones;
- Encourage innovative, replicable, and high-quality homes that can be built within 36 months;
- Serve families by prioritizing family-sized units (two bedrooms and larger);
- Support developments that reflect the needs of the communities they seek to serve through community-informed design;
- Support energy-efficient and climate-resilient homes; and
- Support homeownership development pipeline growth by keeping the NOFA process accessible to small, rural, culturally specific, and emerging developers.

Like many states across the nation, Oregon has seen unprecedented growth in home value. In some rural areas, this has led to homes becoming inaccessible to those who work locally, causing issues for local economies. In urban areas, it has made buying a home even more difficult for underserved populations. For example, Oregon sees a 34% ownership rate among households who are Black and African American, 45% who are Hispanic, and 46% who are American Indian and Indigenous compared to a 66% homeownership rate among white households.

LIFT works with developers seeking to address this homeownership gap through partnerships with culturally specific and community-based organizations, services to underserved communities, and community input.

SUCCESS IN THE MARKETPLACE

OHCS released its first Notice of Funding Availability (NOFA) for LIFT Homeownership in 2018. Demand for the program has grown as nonprofit developers have learned to navigate a complex source of funds. The program has doubled from eight unique awardees in its initial year to 17. To date, \$71.3 million in LIFT funds have supported 47 projects that will result in 752 homes for Oregonians with an income of 80% of AMI or below. OHCS plans to issue \$80 million more for LIFT Homeownership through 2025.

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BENEFITS OUTWEIGH COSTS

Because LIFT Homeownership partners must utilize a long-term affordability model, the investment in each home will ensure that the home will remain affordable for a considerable time. To receive an award, a developer must sign and file an operating agreement on the land that will keep the home affordable for 20 years. After 20 years, the recipient or owner of that property may choose to pay back the LIFT loan or sign for another 20 years to consider the loan satisfied. This ensures the home will be affordable for at least 20 years, and up to 40 years. Most LIFT recipients file a 99-year ground lease with their homebuyers that will keep the home affordable even longer than LIFT's affordability period.

EFFECTIVE USE OF RESOURCES

Housing construction costs have continued to rise across the country, and as more households look to settle in the Pacific Northwest, land is also growing more expensive. This has made building new homes that are affordable to low-income households impossible without support to cover the gap between the cost of construction and the sales price that is affordable for low-income households.

LIFT is a resource primarily available to fill that gap. Developers must provide a balanced proforma showing additional resources to fund other development costs such as cash on hand, donations, awards from foundations or local jurisdictions, and conventional construction loans. The national average cost to build a home is \$330,000, not including land. The average LIFT subsidy per unit is just over \$96,000.

Developers may also earn points during the application process for providing climate-friendly construction such as net-zero building standards, solar panels, or drought-resistant landscaping. This reduces the cost of living in the home for each homeowner while reducing the cost to the environment.

EFFECTIVELY EMPLOY PARTNERSHIPS

As Oregon's housing finance agency, OHCS is limited in its scope to impact homeownership and equity across the state. OHCS must rely on the work of its partners to make any substantial impact. Development partners include recognizable names including Habitat for Humanity, larger developers such as DevNW and RootedHomes, the largest CLT in Oregon – Proud Ground, and many other developers across the state.

Each development partner has their own network of partnerships including local jurisdictions, community organizations, outreach partners, culturally specific organizations, housing authorities, homebuyer education centers, lenders, and many other partners who help ensure that these homeownership projects are successful and serve underrepresented Oregonians.

LIFT also offers some partnership with other state programs including funding for homeownership centers, down payment assistance programs, and the Oregon Residential Bond Loan program.

Developers are encouraged to work with Minority, Women-Owned, Emerging Small Business and Service-Disabled Veteran Business Enterprises (MWESB-SDVBE) throughout the development. OHCS has set goals that 30% of development funding in the Portland region will go to MWESB-SDVBE-eligible organizations and 20% in the balance of the state.

ACHIEVE STRATEGIC OBJECTIVES

LIFT checks all the boxes of Oregon's Statewide Housing Plan when it comes to homeownership development. The program not only has created homeownership opportunities for Oregonians, it's actually helped to make the dream of owning a home a reality for many, and it's done so by focusing on rural, low-income, and communities of color.

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Visual Aids Appendix

Figure 1: [LIFT Webpage](#)

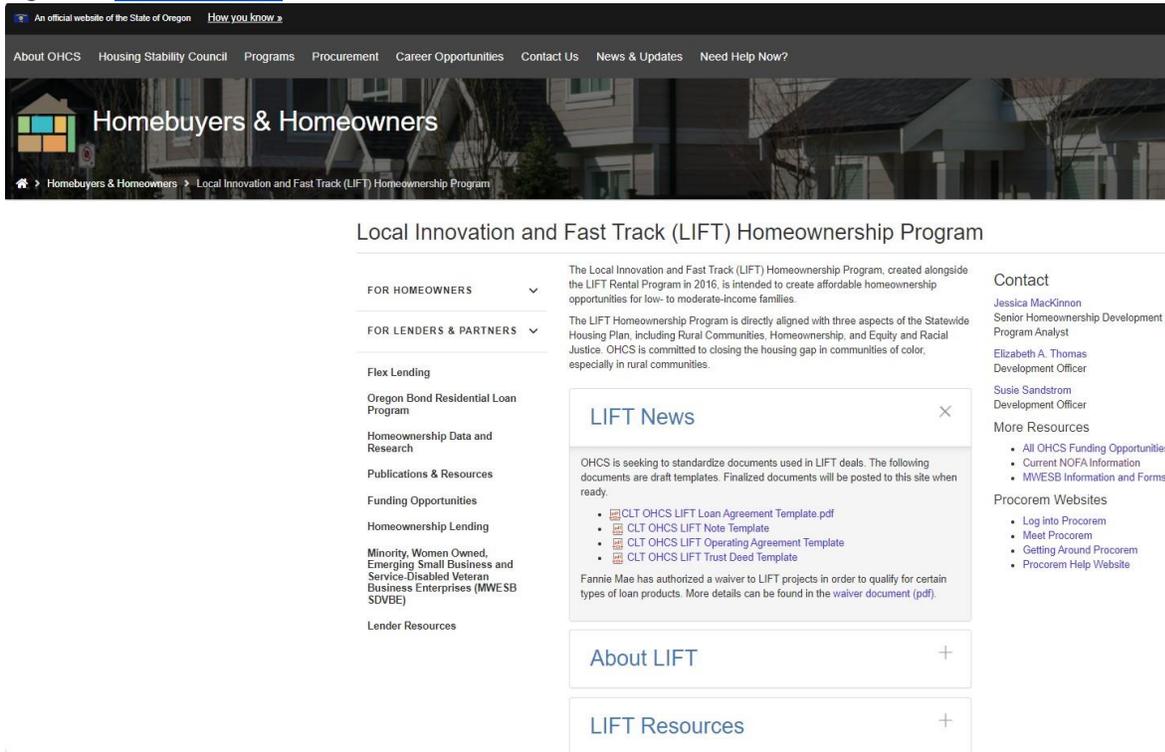
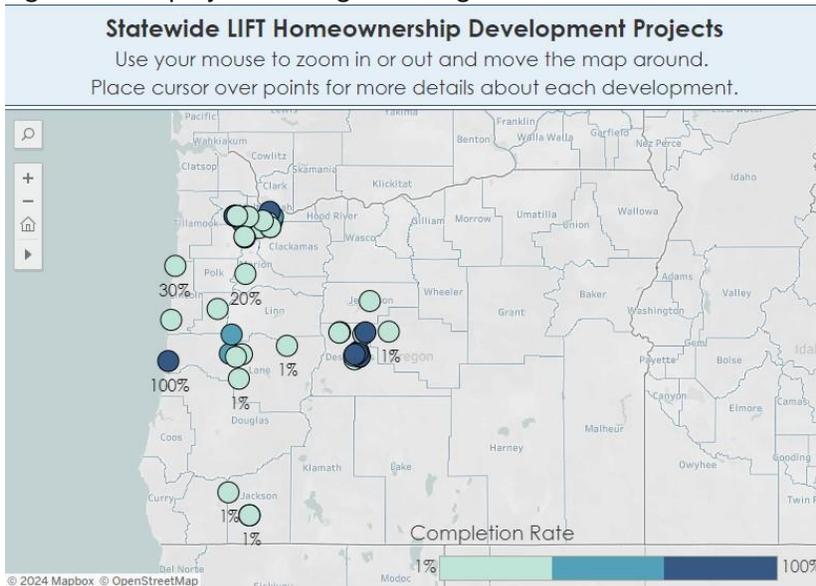


Figure 2: LIFT projects throughout Oregon



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Figure 3: Photos: Completed Project



Figure 4: [Program Manual](#)

Local Innovative Fast Track Program (LIFT)



Program Manual

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Figure 5: [LIFT Fact Sheet](#)

OREGON HOUSING AND COMMUNITY SERVICES
**Local Innovation and Fast Track (LIFT)
Homeownership Program**

Program Factsheet	
Program Summary	<p>The primary goals of the Local Innovation and Fast Track (LIFT) Homeownership Program are:</p> <ol style="list-style-type: none"> (1) Creating new affordable homeownership homes that serve historically underserved communities, especially communities of color. (2) Focusing on service to families by prioritizing family-sized units (two bedrooms and larger). (3) Getting units constructed and placed in service quickly (units must be built and ready for sale within 36 months). (4) Encouraging innovative models of affordable housing that can be widely replicated, and (5) Developing building strategies that require lower state subsidy or result in a lower cost of affordable housing development. <p>The LIFT Homeownership Program uses proceeds from Article XI-Q bonds, which require that homeownership developments funded through the LIFT program be structured as community land trusts and that funds be made available as a first lien position loan.</p> <p>CONTACT: Rebecca Isom, program analyst Phone: 503-986-2032 or 971-388-6154 E-mail: Rebecca.Isom@oregon.gov LIFT Homeownership webpage: https://www.oregon.gov/ohcs/homeownership/Pages/homeownership-development.aspx</p>
Eligible Projects	LIFT Homeownership funds are eligible to be used for any net increase to housing. This can be through new construction of homes or the conversion of existing non-residential structures to housing units.
Income Requirements	All the homes funded with LIFT Homeownership resources must be affordable to households earning at or below 80% AMI at the time of initial sale and for any resale that takes place during the loan term.
Lending Terms	<p>Loan amount: Up to the value of the land plus infrastructure/site-work (excluding housing structures) or set amount per homeownership unit as described in the notice of funding availability.</p> <p>Loan term: 20 years</p> <p>Interest rate: 0% interest</p>



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Figure 6: LIFT: An example

