

Item 1: Department of Administrative Services

Project Turnkey Pandemic Response

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Request: Allocate \$35.0 million from the Emergency Fund to the Department of Administrative Services to be provided to the Oregon Community Foundation for grants to local community organizations which will be used to support the acquisition, retrofitting, and potential operation of hotel and motel properties to be used as emergency shelter.

Description: The Oregon Shelter Study dated August 2019, (<https://olis.leg.state.or.us/liz/201911/Downloads/CommitteeMeetingDocument/206926>) identified an estimated gap in shelter beds of 5,814 statewide. Since that time, the COVID-19 pandemic necessitated a decrease in congregant shelter capacity in an effort to maintain social distancing and the health of the sheltered population. The Oregon Housing and Community Services Department (HCSD) is now estimating the gap between needed and available shelter beds to be at least 10,000. As winter approaches, the demand for safe, warm shelter space will become acute.

To meet this need, a coalition of social service providers, not-for-profit entities, real estate professionals, and local governments is proposing to acquire and, if needed, retrofit hotel and motel properties, and convert them to emergency shelter, with the possibility of conversion to transitional or permanent affordable housing over the longer-term. In total, across two separate requests, \$65.0 million is being sought related the acquisition, retrofitting, and shorter-term operational costs of the hotel-motel shelter conversion, equating to an estimated 18-20 properties and 1,000 units, at an average cost of approximately \$65,000 per unit. This effort is being referred to as Project Turnkey, and modeled on an investment of over \$600.0 million in public funds by the State of California. <https://hcd.ca.gov/grants-funding/active-funding/homekey.shtml> Funds will be granted by the Oregon Community Foundation (OCF) to local community-based organizations such as tribal communities, housing authorities, counties, cities, and not-for-profits after an abbreviated application and evaluation process for acquisition and remodeling of suitable properties. Short-term operational costs are limited to \$10.0 million (15%) of the \$65.0 million being sought.

This \$35.0 million in funding represents 54% of the total proposed amount of \$65.0 million statewide, and is the best estimate currently available of costs needed to acquire and retrofit (and potentially provide some initial operating funding) identified properties totaling approximately 500 units in areas of the state not also directly impacted by recent wildfires. Properties would be owned by grantees, and contracts would include a provision that properties be permanently used as housing assets, or be divested with proceeds returning to the state.

Selection criteria include (but may not be limited to) previous experience in operating shelter services or facilities for COVID-affected individuals; demonstrated and defined partnerships with culturally specific organizations for supportive services; a description of how the property will help address racial equity and break down existing inequities; participation in coordinated entry referral systems; a description of the populations expected to be served by the property over the next three years; an operational plan; local contributions for acquisition or operation, if applicable; demonstrated support in the local community; and proximity to essential services. The goal is to open applications, review,

and make selections by December 15, with the hope that occupancy can be negotiated before the close of the transaction, in preparation for winter shelter needs.

Partners in developing the proposal include the OCF, the League of Oregon Cities, the Association of Oregon Counties, CASA of Oregon, Network for Affordable Housing, Hacienda Development Corporation, the Oregon Restaurant and Lodging Association, and state agencies in a consultative role, including the Housing and Community Services Department, Oregon Health Authority, Department of Land Conservation and Development, and Office of Emergency Management of the Oregon Military Department.

While the proposal includes a potential for operational dollars in the short term, longer-term operating funding for the shelter units would need to come from other resources, which could include existing allocations of Emergency Housing Assistance (EHA) and State Homeless Assistance Program (SHAP) dollars, federal funds allocated to Continuums of Care and HCSD. Contracts for the operation of these shelter beds would need to be executed, and the proposal anticipates HCSD involvement in a consultative role to ensure that selected facility owners and operators are aligned with regional referral systems and state shelter operations guidelines.

Recommendation: The Co-Chairs of the Emergency Board recommend that the Emergency Board allocate \$35.0 million from the Emergency Fund to the Department of Administrative Services to be provided to the Oregon Community Foundation for grants to local community organizations which will be used to support shelter services through the acquisition, retrofitting, and potential operation of hotel and motel properties, with the understanding that funds will be returned to the State Treasury by June 30, 2021 if unspent, and that the Department of Administrative Services and Oregon Community Foundation will report to the Legislature with information that includes the following: identification of applicants, including operating partners; the number and location of units to be acquired; estimated costs of rehabilitation; requested grant amounts; payments of commissions and fees; identified matching funds; a summary of estimated operations expenses and sources of operating revenue; and timelines for occupancy.