

ANALYSIS

Item 54: Housing and Community Services Department Courtney Place Veterans Housing

Analyst: Michelle Deister

Request: Increase Federal Funds expenditure limitation for the Housing and Community Services Department by \$2,000,000 for the purpose of partially financing the Courtney Place YMCA Veterans Housing Project in Salem.

Analysis: Congress included a \$2,000,000 earmark in the Consolidated Appropriations Act of 2022 for the development of the Salem YMCA Veterans Housing project named Courtney Place. The funds will be administered by the federal Department of Housing and Urban Development. The federal funds augment state support provided for the project, which included the following:

- \$1,000,000 from Lottery Funds authorized in 2019 (Section 58, HB 5050) to the Oregon Department of Veterans' Affairs (ODVA) for a grant to the YMCA of Marion and Polk Counties to support predevelopment costs associated with land acquisition, permitting and other fees; and
- \$6,000,000 in lottery bond proceeds approved by the Legislature in 2021 (Section 18, SB 5534) to ODVA for a construction grant to the Salem Y Veterans Housing for this project.

The total project cost for acquisition, construction, and development is estimated at \$9,150,000.

When drawn down by the Housing and Community Services Department (HCSD), the \$2,000,000 in community project funding designated for this project will be passed through from HCSD to the Salem Y Veterans Housing, the project developer and owner. Upon completion, the project will consist of 34 units of permanent supportive housing (i.e. housing with supportive services) for veterans. Supportive services will be provided under contract with the Mid-Willamette Valley Community Action agency. The project is slated for completion in the spring of 2023.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board increase Federal Funds expenditure limitation for the Housing and Community Services Department by \$2,000,000 for the purpose of partially financing the Courtney Place YMCA Veterans Housing Project in Salem.

Request: Increase Federal Funds expenditure limitation by \$2.0 million for the purpose of partially financing the construction and development of the YMCA Veterans Housing Project in Salem.

Recommendation: Approve the request.

Discussion: The Oregon Housing and Community Services Department (OHCS) was notified it received \$2,000,000 from the federal Consolidated Appropriations Act, 2022 (P.L. 117-103), through the Department of Housing and Urban Development (HUD), for the construction and development of Courtney Place, a Salem YMCA Veterans Housing project. The total project cost is approximately \$9.0 million. The project received a \$1.0 million pre-development grant from the Oregon Department of Veterans Affairs (ODVA) for acquisition costs. In addition, during the 2022 Legislative Session, ODVA was authorized to issue \$6.0 million in lottery bonds to fund project construction costs. Due to shifting market and financial conditions, the project currently has a funding gap of \$2.0 million. This financing gap will be funded by the federal appropriation referenced above and OHCS is now requesting Federal Funds expenditure limitation to expend the funds. OHCS does not have any other resources invested in the project.

Courtney Place will offer 34 housing units for veterans in downtown Salem. Some tenants may be eligible for rental assistance and supportive services through tenant-based Veterans Affairs Supportive Housing (VASH) vouchers, funded through HUD. Supportive services will be provided by the Mid-Willamette Valley Community Action Agency ARCHES project. Onsite space will be available to residents to meet with their Veterans Affairs (VA) caseworkers, as needed. Courtney Place is expected to be completed in the spring of 2023.

Legal Reference: Increase the Federal Funds expenditure limitation established by chapter 556, section 4, Oregon Laws 2021, for the Housing and Community Services Department by \$2,000,000 for the 2021-23 biennium.



Oregon

Governor Kate Brown

Housing and Community Services

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August 22, 2022

Senator Peter Courtney, Co-Chair
Representative Dan Rayfield, Co-Chair
Joint Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs:

Nature of the Request

In the Consolidated Appropriations Act, 2022, (P.L. 117-103) (the Act), Congress made available “grants for the Economic Development Initiative for the purposes of Community Project Funding/Congressionally Directed Spending.” These Community Project Funding (CPF) awards are administered by the Department of Housing and Urban Development (HUD).

In the spring of 2021 Oregon Housing and Community Services Department (OHCS) was invited to put forward community projects for the Oregon federal delegation to include in a federal budget reconciliation. This was the first opportunity in many years from members of Congress to direct funding to specific projects, and the timeline for OHCS submission was short. Having been aware of the Salem YMCA’s efforts to secure resources to fill financing gaps for a housing project to serve veterans, OHCS chose this project and others for consideration of supplemental funding from federal budget appropriations. As a result, OHCS received a Letter of Invitation to submit required information and forms to request \$2 million as pass-through grant funding for the development of the Salem YMCA Veterans Housing project named Courtney Place. Additional narrative details for the Salem YMCA Veterans Housing, Courtney Place, is attached to this request (not produced by OHCS).

This project had secured the core of its funding through the February 2022 Oregon Legislative Session with the authorization for the Oregon Department of Veterans Affairs (ODVA) to issue lottery-backed bonds. However, the shift in market and financial conditions created a financial gap which necessitated securing federal funds. This summer OHCS was officially notified by HUD that the Act included \$2 million to be used for construction and development of the Salem YMCA Veterans Housing.

OHCS requests that the Emergency Board support this federal funding investment by authorizing Federal Funds expenditure limitation of \$2 million from the Community Project Funding/Congressionally Direct Spending for the purpose of supporting the development and construction of the Salem YMCA Veterans Housing project named Courtney Place.

Agency Action

OHCS, upon fulfilling the requirements for securing the grant award and executing the corresponding Grant Agreement with HUD, will develop a subgrant agreement with the Salem Y Veterans Housing, the nonprofit entity established by the Salem YMCA to develop and own the future housing.

The subgrant agreement will allow OHCS to disburse the funds and establish the relationship with the Salem Y Veterans Housing and its development consultants to meet HUD expectations and reports for the use of the funds. It will also establish affordability terms in concert with the affordability requirements established by ODVA through the use of lottery-backed bonds.

Action Requested

OHCS is requesting that the Emergency Board approve the request of \$2 million from the Consolidated Appropriations Act, 2022 for the purpose of partially financing the construction and development of the YMCA Veterans Housing Project in Salem.

Legislation Affected

Increase by \$2 million the Federal Funds limitation in Chapter 556, Section 4, 2021 Laws.

Sincerely,

A handwritten signature in black ink, appearing to read 'AB', with a stylized flourish at the end.

Andrea Bell, Executive Director
Oregon Housing and Community Services

cc: Amanda Beitel, Legislative Fiscal Office
Michelle Deister, Legislative Fiscal Office
George Naughton, Chief Financial Office
Alisa Webb, Chief Financial Office

Courtney Place

Salem YMCA Veterans Housing

220 Cottage Street NE, Salem, Oregon 97301

PROJECT SUMMARY

Courtney Place, a veterans housing project by the Salem YMCA is an innovative and collaborative affordable housing development aimed at addressing the needs of low-income Veterans in Salem through 34-units of high-quality housing in a prime downtown location adjacent to the WWII Memorial and just blocks from the Oregon State Capitol.

Future residents will benefit from a comprehensive, informed suite of permanent supportive housing and resident services provided by the Mid-Willamette Valley Community Action Agency's ARCHES project, a multifaceted program addressing housing instability and homelessness.

Courtney Place will provide 27, one-bedroom units, and 7 two-bedroom units. The proposed building also incorporates 1,000+ SF of resident service and community space, an elevated exterior design aimed at complementing the new YMCA across the street, an elevator, multiple secured entrances, outdoor recreation areas, Earth Advantage Gold green building standards, in-unit laundry, quartz countertops and other features aimed at delivering a market-rate experience at an affordable rent for residents.

Outdoor gathering area, common room with private meeting space are all included within the proposed site plan. There are no commercial or market-rate spaces within the development. All community areas are for resident services and community-building activities.

Development and construction is estimated to be completed in late Spring of 2023.

OWNERSHIP INFORMATION

Family YMCA of Marion and Polk Counties: Acting as project Developer, the YMCA will bring decades of community service experience to the project, with a deep-rooted commitment to the City of Salem and the well-being of its residents. The YMCA will oversee the Single Asset Entity established for the projects and play a role in offering

recreational services to residents.

Salem Y Veterans Housing: This nonprofit, single-asset-entity has been established for the sole purpose of owning and managing the project on behalf of the YMCA.

DEVELOPMENT AND CONSTRUCTION BUDGET

The Family YMCA of Marion and Polk Counties, acting as project developer has secured the needed financing to complete the project. Authorized by the Oregon Legislature at their February 2022 session, the Oregon Department of Veterans Affairs will issue Oregon Lottery backed bonds in the amount of \$6 million to help with the construction and development. The \$2 million in federal appropriation funds will top off the project financing ensuring that the project does not any incur debt, has sufficient reserves for the long-term affordability and sustainability of the project.

Sources of Funds	Amount		Uses of Funds	Amount
ODVA Pre-Dev Grant	\$1,000,000		Acquisition	\$610,000
ODVA Lottery-backed Bond Grant	\$6,000,000		Construction	\$6,469,000
Federal EDI-Community Project Grant	\$2,000,000		Development	\$2,071,000
YMCA Donations	\$150,0000			