



OREGON HOUSING *and*
COMMUNITY SERVICES

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Senate Committee on Housing and Development
900 Court Street NE
Salem, OR 97301

RE: OHCS Presentation Follow-Up

Chair Jama, Vice-Chair Anderson, Members of the Senate Committee on Housing and Development,

Thank you for kicking off your committee meeting with OHCS. As you begin to dive into one of the most intractable challenges our state faces, OHCS is heartened to see your interest and resolve in finding solutions across the housing continuum. During the conversation, committee members raised questions and key issues:

The connection of housing and behavioral healthcare

There is no denying the connection between housing and healthcare. OHCS has existing and expanding programs that work at this intersection and are deepening coordination with key partners. Investments in permanent supportive housing (PSH), which combines affordable housing, comprehensive tenancy support services, and project-based rental assistance, are critical to address needs such as those in the situation described by Senator Patterson. While PSH is a proven, effective strategy to keep community members with higher levels of need housed, Oregon still needs more than 14,350 PSH homes. That is why OHCS will continue to seek out additional investments and grow partnerships, through work such as the [PSH Institute](#), to increase the access to PSH statewide.

Homeless services providers across Oregon are integrating behavioral health services into their shelters, street outreach strategies, and housing placement supports. For instance, some of the Project Turnkey models are integrating Alcohol and Drug-Free Community housing supports into their models, while others are providing needed behavioral health and healthcare services onsite. Many of the navigation centers that OHCS is providing with operational funding are also seeking ways to partner with behavioral health providers to ensure resources are available to those who need them.

While we're proud of this progress, OHCS continues to work with our colleagues at the Oregon Health Authority (OHA) to understand how we can meld investments in behavioral health and housing and ensure that plans we have put on paper working on the ground. For example, OHCS is supporting OHA's planning for the Medicaid waiver housing benefit. At the enterprise level, there are more conversations happening to integrate services and supports. Moving forward, you can expect to see greater collaboration between OHCS and our partner agencies and between OHCS and localities as we deploy programs and resources.



Expanding Cooperative ownership (co-op) models across the state

OHCS' work to preserve manufactured home parks has advanced the agency as a national leader. There have been over 25 OHCS-funded manufactured home parks that have turned into co-ops. OHCS often hears interest in expanding that work and is eager to see ideas to address homeownership rates statewide. However, multifamily co-ops can present a variety of challenges when it comes to building maintenance and major repair needs. This problem can be especially acute in older buildings that require seismic and energy upgrades and in cases where there are a lot of fixed-income residents who cannot easily absorb increased co-op fees to address structural or safety repairs needs. This issue requires creative solutions to make the co-op viable on a larger scale. As we talk with partners, we continue to hear about possible avenues forward and the need for creative solutions.

Ongoing support for homeless service providers, including Project Turnkey developments and navigation centers

Adequate funding for shelters is critical, not just for the basic services they provide to keep Oregonians alive and safe, but for improving other critical services such as housing placement, mental health and behavioral health supports, and case management. OHCS seeks to ensure our shelter systems have robust services attached to them so that people can be quickly placed into permanent, affordable housing that meets their needs.

Project Turnkey represents a re-envisioning of shelter and reoptimizing space, but also focusing on housing-based shelter. Since initial funds were allocated in 2020, we have seen incredible galvanization to get projects off the ground. The first round of Project Turnkey, referred to as Project Turnkey 1.0, created 19 new shelters in 13 counties, leading to a 20% increase in the state supply of shelter beds and initial funding allowed these sites to launch. These sites were funded through resources allocated to the Oregon Community Foundation. However, those funds are not ongoing. Project Turnkey is also working toward launching as second round, Project Turnkey 2.0, that will require ongoing support after launch.

OHCS has directed \$12 million of the \$80 million allocated to OHCS by the Legislature in the 2022 Legislative Session toward operational funding to keep Project Turnkey shelters open and running for the 2021-23 biennium. We anticipate that need will continue and look forward to discussing specific resource needs upon the release of the Governor's Recommended Budget.

Similarly with navigation centers, \$9 million in operational funds are be provided to eight sites for the 2021-23 biennium. Sites are located in The Dalles, Bend, Salem, Bybee Lakes, Medford, McMinnville, Roseburg, and Lane County; four are currently fully operational and the others are moving toward opening. Ongoing support to fund those shelter operations and wraparound services will be needed moving forward as well.

Property management for affordable housing communities

Many Oregonians are entering OHCS-funded homes after exiting homelessness or other traumatic situations, and this is particularly true for OHCS PSH developments. OHCS and the Corporation of Supportive Housing have sponsored and implemented two supportive housing institutes that have assisted 18 teams around Oregon to develop PSH in their communities. However, it is important to note that OHCS is not involved in the hiring, training, or supervision of site staff at the affordable housing developments we fund.



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The PSH Institute trains owners, developers, property managers, and service providers in best practices for developing and operating permanent supportive housing, one of which is offering trauma-informed services to tenants. Staff approves tenant services plans for funded PSH developments and through this process ensures that services are tenant-centered, trauma-informed, and effectively engage tenants. Supportive services funding allows for personnel budgets to go toward staff training, which can include trauma-informed care training/classes. Tenant-centered care rooted in trauma-informed care is a standard and expectation for the PSH program.

Ensuring those most in need access OHCS housing

With limited resources, OHCS programs are targeted to those in need. This process looks unique based on the program and community partners. For most programs, income levels determine who is eligible to receive assistance. In the Housing Stabilization Division, most services are for Oregonians experiencing homelessness of those living at or below 60% area median income (AMI).

Affordable rental housing developments screen residents through an application intake process. For income screening, applicants fill out an application form and information is verified through a program defined process. OHCS PSH properties are required to utilize the local Continuum of Care coordinate entry process. The Continuum of Care triages homeless families and individuals in need and those determined to be chronically homeless based upon their local definition are referred to the PSH project for entry. PSH is a low barrier program meaning many of the normal screening criteria are reduced or eliminated to assure chronically homeless individuals are generally approved.

Other affordable housing, aside from PSH development, include an application process that may or may not have a preference attached to the facility (Veterans or domestic violence survivors for example). Applicants must meet income and screening criteria and generally are ordered by bedroom size, date, and time. OHCS has a compliance team that monitors property regularly. Reviews vary from 1-3 years depending upon risk, history, and other factors. OHCS reviews both the property condition as well as contractual obligations such as meeting income requirements, property financial health, management practices, and other programmatic and record keeping practices.

For homeownership developments, OHCS funds Community Land Trusts (CLTs) models. CLTs are nonprofit organizations governed by a board of CLT residents, community residents, and public representatives that provide lasting community assets and shared equity homeownership opportunities for families and communities. These nonprofits help manage the permanent affordability of the homes and facilitate the purchases of the homes. Those looking to purchase a home in a CLT are screened for income eligibility. The process varies depending on the organization.

OHCS' role in addressing housing needs and what incomes OHCS primarily serves

OHCS work, particularly when we talk about affordable housing, is about financing housing for Oregonians with low and median incomes. The typical income limit for residents of OHCS-funded affordable rental housing is 60% AMI, though some programs are for extremely low-income Oregonians with incomes at 30% AMI and others can providing housing to Oregonians at 80% AMI. It's important to note these limits determine the population served and the overall rent level. Rent levels are not set at tenant incomes, but rather the income level allowed by a program. For example, rent in a LIFT-funded development will typically be capped at what is affordable to those earning 60% AMI (30% of that monthly income). Ensuring Oregonians of low income are not cost burdened, meaning they are not



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paying more than 30% of their rent, requires affordable housing and often other supports. It's important to note that affordable housing does not mean every resident is not cost burdened.

Homeownership sits at the end of the housing continuum. With inflation, rising cost of living, and stagnant wages, homeownership is inaccessible to an increasing number of Oregonians. Homeownership programs attempt to bridge these gaps and make homeownership available to Oregonians at different income levels. LIFT Homeownership develops homes in CLTs and serves Oregonians at 80% AMI or below. The Homeownership Development Incubator (HDIP) develops homes through a variety of different homeownership models and serves Oregonians at or below 120% AMI. Down payment is one of the largest single barriers to homeownership for many Oregonians. Our Home Ownership Assistance Program (HOAP) down payment assistance, which is distributed through homeownership centers, is open to those at or below 100% AMI. The Oregon Residential Bond Loan Program and Flex Lending, which are OHCS mortgage lending products, serve those at higher incomes.

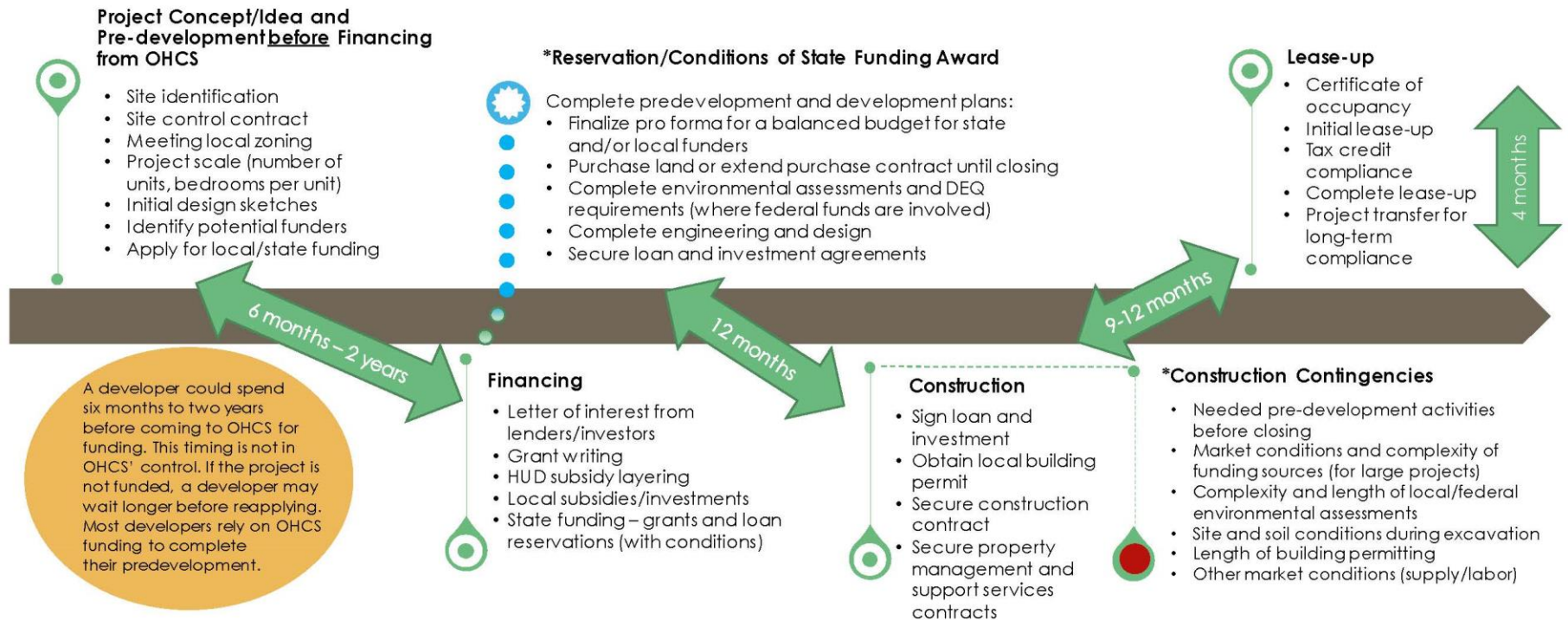
OHCS' work does not represent the entirety of the housing system. Our programs have statutory limits, either at the federal or state level, on who can access OHCS funds. While our role is concrete, we are eager to work in partnership to address the housing needs of all Oregonians.

How long does it take to build housing?

The timeline for the housing development life cycle will vary between projects. The diagram on the next page shows a high-level overview of the general process from initial concept to tenants moving in. Project concepts and predevelopment happen before financing from OHCS. This timeframe can fluctuate for six months to two years given local conditions and developer capacity. Once a project is awarded funding, they have 12 months to complete predevelopment and development plans. Many factors can impact the timeline of this phase: complexity of other funding sources, local government permitting processes, state permitting, federal requirements for development plans, supply chain issues, and labor shortages. Another factor that slows this phase down is the reliance on OHCS funding to do predevelopment work, effectively pushing back the project. Once construction begins, it can take nine to 12 months to get a project far enough along to begin the lease-up phase. Again, factors can slow down construction: market conditions, site and soil conditions, length of building permitting, and supply and labor shortages. Once a development obtains a certificate of occupancy, it will take roughly four months to get the development move-in ready and tenants lined up.



Housing Development Life Cycle (OHCS)



OHCS and our community partners look forward to engaging with this committee and the Legislature as we work to address the multitude of challenges that make up our housing crisis. We will lead with our values and data-driven solutions with a vision that every Oregonian has access to housing that is stable and affordable.

