Meeting Summary

LIFT Joint Subcommittee Meeting

December 7, 2015

Margaret Van Vliet started off the meeting by framing the task for the first part of this joint meeting between the Policy and Financial Structuring sub committees. The group was asked to think outside of the box and participate in a small group exercise designed to create new concepts and ideas to contribute to the LIFT program. Each small group would work on their individual scenario and would then be responsible for reporting back to the larger group on their recommendations.

Scenario overview:

You are OHCS executives, and it's your job to implement the LIFT program under the given parameters in your scenario, and based on the other big picture goals that we've covered in this process (*the housing is for families, including families within the DHS system; we must address disparities by focusing funding in rural communities and communities of color; the State will be a partial owner; financing won't be available until late in the biennium; etc*.). For the next 45 minutes, talk about your scenario and how you will execute it flawlessly. Don't get bogged down in assessing or mitigating risk. Allow yourselves to assume the sky is the limit and to brainstorm and think creatively about execution strategies.

At the conclusion of your strategy session, you will testify in front of the assembled legislative panel (all the other meeting participants) about how you will create as many new homes for the target population as possible, as quickly as you can. The structure of your testimony is up to you, but you should at least touch on the following:

1. What is the single most important innovation you expect to achieve?
2. Who is your single most important partner?
3. What is the most important indicator of success you will report on at the next legislative session?

Scenario One: Housing Production

The legislature passed a bill requiring that 3,000 units must be produced with the $40 million; therefore you must focus your work solely on housing production. Do not spend any of your agency's time or resources to develop service partnerships. You can rest easy on this front in the knowledge that services will be planned for and in place. Your agency's sole job is to finance the most number of units with the longest possible useful life. What innovative strategies will you use to get the most number of units produced? What are your best avenues to expedite production at this level? What innovations in design, construction and financing will you bring to bear to meet this goal?

Scenario One Report Out:

- Tiny Homes in rural areas; rural communities may own land to contribute to projects and lower construction costs could make this a practical option in rural areas. High land prices in urban areas would not make them feasible
- Large complexes in urban areas; minimize per unit costs by building larger, very basic properties without amenities (common room, washer/dryer, etc)
- Real Estate Investment Trust (REIT) in Urban areas; assuming an REIT contributes 90% of the funding, there are 4-5 urban areas where investors would have interest
- Other:

- Local Governments access to land
- Establish common ‘document templates’ to allow for replication and economies of scale
- Limit number of funding recipients to make the scale large enough to be attractive

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Scenario Two: Single Real Estate Developer

The legislature has passed a bill that designates one specific real estate developer (Clarissa Ventures) as the sole private sector implementing party, because they received compelling testimony about economies of scale and replicability if the funds aren’t allocated to multiple parties. Focus your testimony on the innovations, cost efficiencies, and replication you expect to achieve.

Scenario Two Report Out:

- Standardized architectural plans would lower design costs
- Established General Contractor relationships could lower construction cost + Materials
- Tap into local entities for services and/or referrals (community)

Scenario Three: Leverage LIFT Funds

Housing is now recognized as a statewide emergency. The Governor has declared that all hands should be on deck, and that the bonds can only be sold if OHCS has secured commitments from Oregon-based corporations and charitable foundations to help leverage and implement. Your job is to take the $40 million and stretch it through leverage and partnerships that go above and beyond typical housing development. What’s your strategy to involve all of Oregon? Who do you go after first and why?

Scenario Three Report Out:

- Foundation Support; foundations and corporations could be interested in matching the LIFT funds given the nature of the housing crisis. Would likely require robust analysis about the impact on the families served, as well as the nature of the investment (grants, loans, etc). Would want to ensure that compelling innovation on a quality low cost housing model was used in outreach strategies.
- Success metrics to include:
  - # of units
  - $ of leverage
  - $ of subsidies per unit
- Tax Credits: If 4% LIHTC were allowable it would contribute 35% of development costs from investors. Legislative Counsel and Department of Justice input is needed to determine if this leverage is possible with the funding source.
- Public Housing Authority support: PHA support could come in the form of project-based vouchers. Also discussed whether it would be possible to develop a PHA state-wide funding pool, understanding that those investments would need to benefit the geographies that participated.
- Timing of investment is important, prioritize getting units built over leveraging with other resources that could delay production

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Scenario Four: Services

The development finance model has been set in statute, a developer has been named, and you no longer need to spend any agency time or resources puzzling over this aspect of LIFT implementation. Furthermore, DHS has been given a budget note that they are to ensure that no fewer than 100 families are placed in the new LIFT-financed apartments, and are supported to be successful residents and to gain stability and eventually self-sufficiency. Therefore, your team's job is to outline as specifically as possible the program design and ideal package of supportive services the housing providers can tap in to. What do those services look like? How are local partners engaged to also provide supports? What kinds of agreements will you put in place to reassure skeptical housing partners that the right families will be referred and supported for maximum success? What differences might you anticipate between urban and rural?

Scenario Four Report Out:

- Focus on communication between DHS and PHAs would be an innovative win
- Community Action Agencies and DHS to deliver services
- Flexible funds needed for services
- Examine the roles of the following in delivering services: DHS, Property Manager, Housing Developer, Faith Community
- Housing service priorities:
    - Housing First
    - Coordinated entry
    - Family

Subcommittee Presentations and Discussion

Each subcommittee provided brief overview of the work that they have done before this joint meeting, and discussed key points as follow up.

Allocation:

- Participants agreed to a broad allocation methodology: half to communities of color and half to rural areas of less than 25,000 people; preferences for counties for each that had the highest poverty rates, abuse rates, victim rates and extremely low income households.
- Group felt that mixed incomes had the advantage of including the ability to serve a number of households earning less than 30% MFI
- Discussed using preferences (priority populations) in order to get the neediest families into LIFT units; additional follow up needed by policy subcommittee.

Tracking:

- Tracking the impact of LIFT families would be valuable; possible concept of a full longitudinal study instead of basic report metrics.
- Reporting should be kept simple and not beyond current OHCS use.
- Basic additional metrics could include:
    - Number of affordable units
    - Cost per unit
    - Number of DHS placements made
    - Housing retention
    - Location / Demographics

- Additional, beyond basic, metrics discussed:
    - Poverty rates
    - Re-abuse rates
    - Victim rates
    - Prevalence of Extremely Low Income families in the area
- If foundations were to support LIFT developments, they may require additional report tracking of outcomes as agreed upon.

Risk:

- Risk difference between state owning or leasing land versus the state owning and operating properties. Significant political, enforcement and foreclosure risks will exist in all scenarios.
- OHCS needs guidance from Legislative Counsel and DOJ regarding how much risk the state is willing to accept and which ownership options are available