



Breaking New Ground

OREGON'S STATEWIDE HOUSING PLAN

Letter from the Director

Across Oregon, housing has emerged as a paramount concern. The lack of available housing, high rents and high home prices are causing housing instability and homelessness to increase rapidly. The data are clear: too many Oregonians are without a safe, stable and affordable place to call home.

Throughout this plan, you will see data points that highlight our state's housing challenges and the glaring inequities we must tackle. But just as meaningful are your voices. As we embarked on this Statewide Housing Plan in 2017, we traveled throughout Oregon on a listening tour, which brought us to communities large and small — coastal villages, Central Oregon boomtowns, Eastern Oregon wheat country, and growing Portland area suburbs. No matter the size or the economic base of each community, the housing crisis loomed large. You told us the heartbreaking stories of your friends, neighbors and family members who are struggling to find a pathway out of poverty; you described the homeless youth in your city that line up around the block hoping for shelter each night; you shared the fear in your community to speak out about mold and dirty water in your homes; and you talked about the business in the next town that had to cut jobs because there is nowhere for employees to live. We heard about the impacts this housing instability is having on our school children, elders, communities of color, the medically fragile and the workforce.

Yet hope abounds. Across the state, we also heard inspirational stories that demonstrate our communities' resolve and desire to bring about change. It is clear to us that Oregonians care deeply about their communities. You have shown us that we are not short of the will to create change and bring new housing opportunities to Oregon. We have unprecedented engagement and leadership on housing issues from our elected officials in Salem and at the local level. We have robust engagement from health, public safety, education and economic development sectors who recognize that housing is foundational for strong, healthy communities.

Oregon Housing and Community Services is ready to match that will and engagement by executing the priorities advanced in this Statewide Housing Plan. We are working hard to open doors all across the state and pave the way to opportunity. At the date of this letter, we have a record number of homes — over 8,000 — in our affordable housing development pipeline. This is nearly three times our historic production. We are serving more people through our homeless programs than ever before, and we are in the midst of another banner year for first-time homebuyers. Even still, we know much more is needed. In some cases, this means increasing our impact; in other cases, it means working with our partners to launch innovative new strategies. In order to accomplish, this we will not stand and wait: We will seek new opportunities through a proactive approach. We will put the people we serve front and center to ensure equitable outcomes. We will utilize holistic techniques that view housing as a platform to build financial security. We will serve as a convener and thought leader, driving to solutions through national best practices and innovation. To accomplish this work, we will create a sustainable agency that Oregonians can rely on well into the future.

Together, we can make Oregon a place where every child has a safe and stable place to call home — a place where tent cities are a thing of the past; a place where no veteran has to return from service to the specter of homelessness; a place where hard working families have the resources they need to pay rent without having to sacrifice wellness, transportation, childcare or food.

This Statewide Housing Plan is our road map as we embark upon a series of bold initiatives to realize this vision over the next five years. I encourage you to join us in this endeavor. Stand with us as we lay the foundation for a new era of hope and opportunity for our communities. For one individual, for one family at a time; we can end homelessness. We can end housing instability. We can create a system that advances equity and eliminates disparities for people of color. And we can create an Oregon where we all have the opportunity to pursue prosperity and live free from poverty.



Sincerely,
Margaret Salazar, *Director*



Oregon Housing and Community Services

Who We Are and What We Do

Oregon Housing and Community Services provides resources for Oregonians to reduce poverty and increase access to stable housing. Our intentional focus on both housing and community services allows us to serve Oregonians holistically across the housing continuum, including preventing and ending homelessness, assisting with utilities, providing housing stability support, financing multifamily affordable housing and encouraging homeownership.

OHCS is Oregon's housing finance agency, providing financial and program support to create and preserve opportunities for quality, affordable housing for Oregonians of lower and moderate incomes. OHCS also administers programs that provide housing stabilization. We deliver these programs primarily through grants, contracts and loan agreements with local partners and community-based providers. As described in more detail for each of the priorities, our partners include public, private and nonprofit developers and operators of affordable housing; lenders; service providers; local governments; and others — all of whom are critical to delivering services and housing throughout the state.

Our role includes setting policy priorities, prioritizing projects and resources for funding, and program administration. Since the funding sources available for housing and community services include numerous distinct federal and state resources with complex regulations and compliance requirements, OHCS also provides stewardship, compliance monitoring and asset management to ensure funds are

Mission

We provide stable and affordable housing and engage leaders to develop integrated statewide policy that addresses poverty and provides opportunity for Oregonians.

Vision

All Oregonians have the opportunity to pursue prosperity and live free from poverty.

Core Values

- Collaboration
- Compassion
- Dedication
- Equity
- Integrity
- Leadership



Housing Stability Council Members

Adolph “Val” Valfre, Jr., Chair
 Sarah DeVries
 Claire Hall
 Mary Li
 Anna Geller
 Zee Koza
 Gerardo F. Sandoval, PhD
 Latricia Tillman
 Charles Wilhoite

Established in 1971 and formerly known as the Oregon State Housing Council. The Council was renamed “Oregon Housing Stability Council” by the Oregon Legislature in 2016. The nine-member Council is charged with meeting the tremendous need for the provision of affordable housing for lower income Oregonians. The Council members are appointed by the Governor, subject to confirmation by the Senate.

achieving the intended purpose.

Key Service Categories

OHCS provides services across five primary categories:

- » OHCS administers **homeless services, shelters and prevention programs** (e.g., emergency housing assistance), which are largely delivered through partners in Community Action Agencies (CAAs).
- » OHCS channels funding (e.g., tax credits, low-interest loans and grants) to local for-profit and nonprofit partners to **develop, preserve, and acquire affordable multifamily rental housing**. OHCS also administers several programs that subsidize rents and support operating costs for communities with extremely low-income residents.
- » OHCS partners with lenders and homeownership centers throughout Oregon to **support low- to moderate-income families in becoming and remaining homeowners** through homebuyer loans, affordable homeownership development, homeownership education and counseling, down payment assistance, home rehabilitation and repair assistance, and foreclosure assistance.
- » OHCS administers programs that offer **energy and weatherization assistance** to low- to moderate-income homeowners throughout the state, in partnership with CAAs. Energy assistance programs primarily provide bill-payment assistance, while weatherization assistance programs focus on longer term energy savings upgrades, minor home repairs and home health improvements.
- » OHCS oversees two **antipoverty and asset-building strategies**. The Individual Development Account (IDA) program is a matched savings account for low-income Oregonians, administered by a third-party partner, that encourages savings for specific goals, such as home purchase, education and small business startup. Community Services Block Grants (CSBG) are passed through OHCS to fund services and activities at CAAs that address employment, education, financial counseling, housing and health for low-income Oregonians.



**Working together to serve individuals, families
and communities throughout Oregon**

Acronyms

AMI	Area Median Income
CAA	Community Action Agency
CAPO	Community Action Partnership of Oregon
CET	Construction Excise Taxes
CoCs	Continuums of Care
CSBG	Community Services Block Grants
DRF	Document Recording Fee
FHA	Federal Housing Agency
HOME	HOME Investment Partnerships Program
HUD	Department of Housing and Urban Development
IDA	Individual Development Account
IRS	Internal Revenue Service
LGBTQ+	lesbian, gay, bisexual, transgender, queer, and other gender diverse and sexual minorities
LIFT	Local Innovation and Fast Track
LIHTC	Low-Income Housing Tax Credits
MFI	Median Family Income
OHCS	Oregon Housing and Community Services
OHFA	Ohio Housing Finance Agency
PIT	Point-in-Time Counts
PSH	Permanent Supportive Housing
QAP	Qualified Allocation Plan
VA	Veterans' Administration



Breaking New Ground

OREGON'S STATEWIDE HOUSING PLAN

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1 PLAN CONTEXT

Plan Purpose

Housing is the foundation for successful communities. Stable housing allows children to succeed in school and allows those with complex medical conditions to focus on personal wellness. It provides the housing opportunities communities and employers need to attract and retain a robust workforce, strengthening local job markets. It also offers systemic benefits, reducing the exorbitant cost of housing instability, homelessness and poverty to individuals, families, communities and public systems.

Creating housing stability and access to opportunity is a systemic challenge, requiring concerted effort from a range of participants — affordable housing developers, housing advocates, elected officials, social service providers and others — to create change.

This document, the **Statewide Housing Plan** (“the Plan”), articulates how Oregon Housing and Community Services (OHCS) will pave the way for more Oregonians to have access to housing opportunities and achieve housing stability and self-sufficiency.

The Plan serves the following functions:

- » Analyzes quantitative and qualitative data to help us understand areas of need across the state and within specific communities.
- » Communicates our priorities to partners and legislators to build support and inspire coordinated action.
- » Articulates how OHCS will lead, fund and support our partners on priority issues over the next five years.
- » Provides a framework and direction for OHCS to prepare annual work plans, set goals, monitor progress and implement our priorities.

This Plan marks a new way of doing business for OHCS. It lays the foundation for OHCS to be a data- and research-driven organization, and it proposes a new way of collaborating and focusing resources and energy to address the most pressing housing issues facing Oregon today.

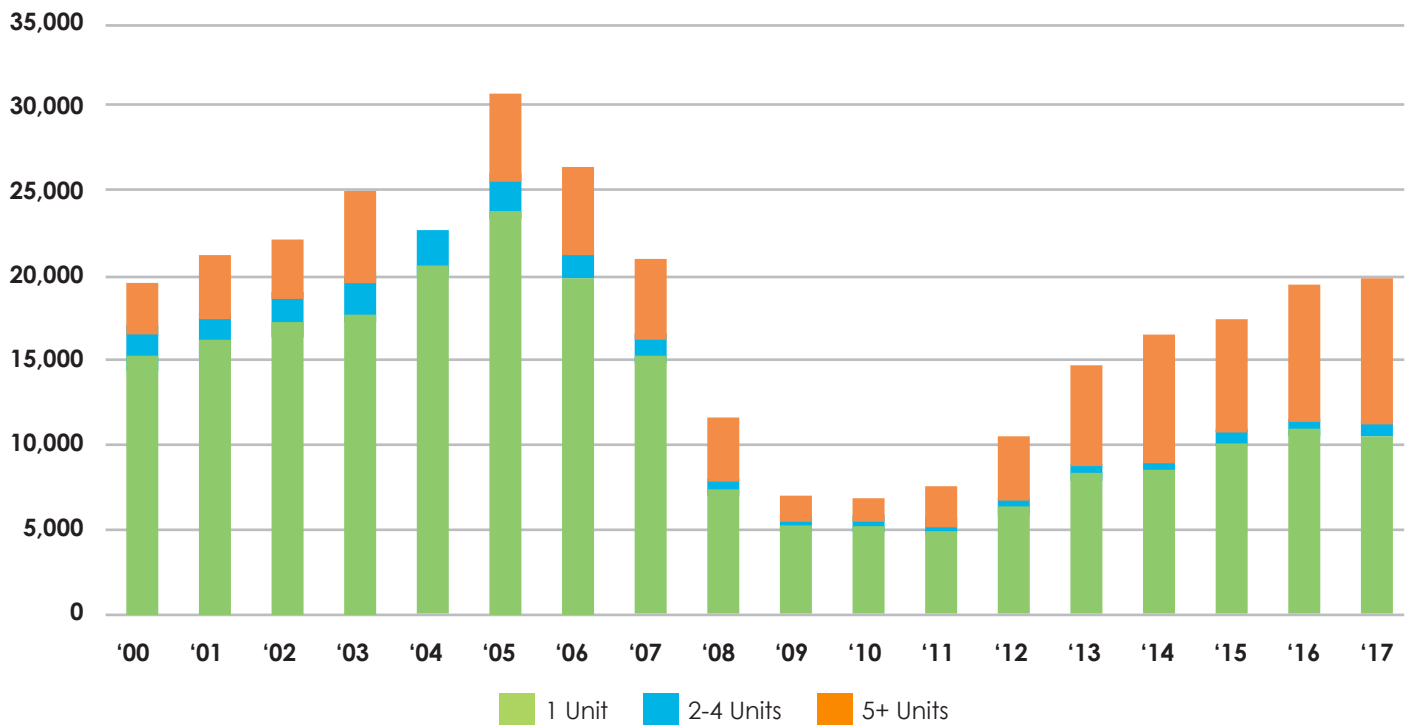
The State of Housing in Oregon

This Plan is being developed as economic expansion drives income and population growth across the West Coast. More people are moving to Oregon, and the number of people in the upper income brackets has grown. However, the benefits of that expansion have not been distributed equally. Across the State, demand for housing has outpaced the supply of new housing coming on the market; the rising cost of new construction and other obstacles to development have further limited new housing supply; and average home prices and rents have risen faster than incomes for middle- and low-income people and people of color. The unsurprising outcome is an affordability crisis that affects all Oregonians and disproportionately impacts people of color and residents of rural communities (where housing markets are less robust). Rates of homelessness have increased in the past few years. Homeownership rates for lower and middle-income households and people of color in Oregon have fallen. Paychecks are stretched to meet the most basic needs.

The context of this Plan is a growing crisis: too many Oregonians lack options when it comes to finding a safe, affordable, healthy place to live in areas with access to economic opportunities. Many Oregon families find it difficult to find housing at prices that don't consume most of their earnings, resulting in housing instability, limited financial resources available for other household necessities (such as food and childcare) and an increased risk of becoming homeless.

In response to this crisis, voters and elected officials have stepped up in recent years to increase financial resources for housing at the State and local levels. New affordable-housing production is occurring in many communities. Over the five-year life of this Plan, housing markets may ebb and flow but additional resources and coordinated action will continue to be necessary.

New Building Permits in Oregon, 2000 – 2017



Source: OHCS analysis of U.S. Census Bureau, Building Permits Survey, 2017

BY THE NUMBERS



Oregonians have a greater chance of living in poverty today than they did during the Great Recession: the poverty rate rose from **14.3%** in 2009¹ to **16.5%** in 2015.²

African Americans, Pacific Islanders, Native Americans, and Hispanics in Oregon face poverty rates of **34%**, **34%**, **29%** and **28%** respectively, roughly double the rate of poverty for White Oregonians (15%).³

27% of Oregon renter households have a “severe housing cost burden,” meaning

they spend more than half of their income on housing and utilities.⁴ Housing cost burdens are particularly challenging for lower-income Oregonians, who may have very little income left for other basic necessities such as childcare, healthcare, transportation and food. This is a growing problem — only **19%** of Oregonians faced this level of housing cost burden in 2000.⁵

Housing cost burdens fall disproportionately on people of color. More than **50%** of African American households, Native American/Alaska Native/Pacific Islander households and

households of “other race” or “two or more races” are housing cost burdened, compared to **34%** of White households.⁶

Housing production has failed to keep up with population growth to maintain balance between supply and demand. From 2000 to 2015, an additional **155,156 housing units** would need to have been built throughout Oregon to keep up with demand. This imbalance is reflected in today’s home prices.⁷



Plan Development Process

The development process for Oregon's Statewide Housing Plan included both internal and external collaboration. An internal project team composed of executive leadership and key policy and program staff was formed to lead and contribute to the research and policy development that are the foundation of the Plan, with support from consultants on research, outreach, and Plan development. Throughout the development of the plan, the Housing Stability Council played a key role providing guidance on the direction for the plan as well as emphasizing the need to develop programs that serve our entire state and achieve equitable outcomes.

This Plan would not have been possible without the active and meaningful engagement of OHCS partners, housing advocates, community leaders and service providers who are doing the hard work to reduce the impact of the housing crisis on low-income Oregonians, as well as the participation of affected individuals throughout Oregon. Over the course of the Plan development, many hundreds of people responded to OHCS surveys and participated in community conversations and webinars about the need for housing and services.

Background Research

This Plan builds on both qualitative and quantitative research, using an evidence-based approach for setting priorities and strategies. OHCS worked with consultant ECONorthwest to gather and analyze data on housing and services needs statewide and to inform the priorities in the Plan and estimate the magnitude of housing needs of different types. ECONorthwest also supported OHCS staff in summarizing funding information across OHCS's programs, including available amounts and observations about the flexibility and vulnerability of the various funding sources. OHCS also engaged consultants to research and document national promising practices. The results of the research on housing needs, funding and promising practices are contained in **Plan Appendices**.

Community Outreach and Conversations

Over the past year, OHCS has been engaging Oregonians in a discussion about the Statewide Housing Plan and local communities' housing and service needs. We held 11 partner conferences, hosted 22 forums and engaged the leaders from all nine tribal housing organizations. In total, 575 Oregonians met with OHCS staff and many more participated in the process electronically with our webinars, discussion guide and online surveys to share information and help OHCS learn from partners' and providers' experiences in the field.

In addition to talking to housing professionals, OHCS hosted seven focus groups that connected directly with low-income Oregonians, agricultural workers, and providers that serve the LGBTQ+ (lesbian, gay, bisexual, transgender, queer, and other gender diverse and sexual minorities) community. The department also worked with Community Alliance of Tenants to gather information from tenants around the state.

All of the conversations with communities and partners influenced the development of the priorities, strategies and goals in this Plan.



Developing OHCS Priorities and Soliciting Feedback

To support the development of a plan that addresses the housing needs of Oregonians, OHCS developed draft priorities based on regional and statewide data combined with community and partner feedback. OHCS also consulted with community partners to get input on whether the policy priorities were headed in the right direction and how they could be implemented. More than 400 people participated in the policy review process through a webinar, two meetings and an online survey. OHCS also met with these groups:

- » Association of Oregon Housing Authorities
- » Community Action Partnership of Oregon
- » Agricultural Workforce Housing
- » Tenant Forums, Community Alliance of Tenants (Gresham and Medford)
- » Housing Oregon Policy Committee
- » Statewide Supportive Housing Strategy Workgroup
- » Department of Human Services Aging and Disability staff
- » Two open forums in Eugene and Salem

In the summer of 2018, OHCS staff began work to identify implementation strategies for the draft priorities. These actions and strategies were culled and refined through several rounds of meetings among key OHCS staff, as well as input from the Housing Stability Council.

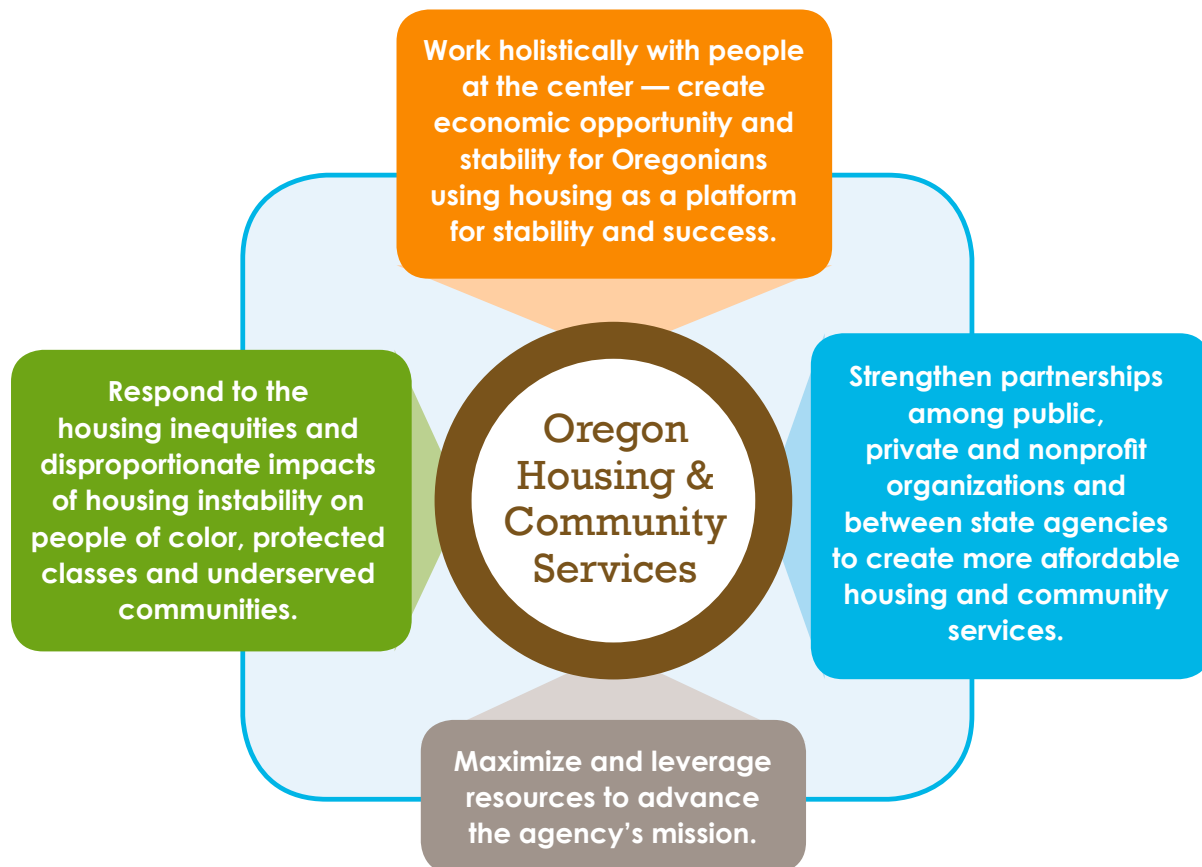


2 WHERE WE'RE HEADED

Guiding Principles, Priorities and Strategies for the Next Five Years

Guiding Principles

The **guiding principles** set direction for OHCS over the five-year plan horizon and beyond, building on its mission statement, vision and core values. They are cross-cutting philosophies that inform how we will approach our work and guide our decisions over the next five-plus years across the department's many programs.



Priorities Overview

The Plan includes **six priorities** that reflect the areas of focus for OHCS to lead and grow over the next five years in order to address pressing housing needs and tap into compelling opportunities in ways that are consistent with the guiding principles and help achieve our vision.

For each priority, this Plan outlines the evidence driving the priority (i.e. "Why This Matters"), the goals we intend to achieve by addressing the priority, the strategies OHCS will undertake to implement the priority, and the funding opportunities and challenges associated with implementation, as well as how we intend to work with our partners to advance the priorities.

The **goal statements** for each priority answer the question, How will the world look different in five years because of our work to address this priority?

The **implementation strategies** reflect OHCS's commitment to an approach or initiative over the next five years. Implementation strategies inform actions and next steps, and they guide resource deployment to achieve the priority. The strategies are change oriented — they express something OHCS is going to do differently in the future in order to lead and grow in the priority areas.

Priorities Summary

	Equity and Racial Justice – Advance equity and racial justice to address disparities in housing and economic prosperity.
	Homelessness – Build a coordinated and concerted statewide effort to prevent and end homelessness.
	Permanent Supportive Housing – Invest in permanent supportive housing.
	Affordable Rental Housing – Work to close the affordable rental housing gap.
	Homeownership – Expand homeownership for low- and moderate-income Oregonians.
	Rural Communities – Unlock housing opportunities in small towns and rural communities.



PRIORITY

Equity and Racial Justice

Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.

Why This Matters

OHCS and our housing partners need to take a proactive approach to tackling racial inequities in housing. These disparities are well documented in research over several decades and in the research completed for this Plan (see the Housing Needs Appendix). Across each of OHCS's service categories, African Americans, Native Americans, Hispanics* and persons of two or more races — as well as Asian Americans in some cases — disproportionately face challenges and experience disparate outcomes.** We are committed to an intentional, data-driven approach to reduce disparities in housing and social service provision in collaboration with our partners.

In the past, the choice and location of housing was a direct and intentional tool that governments, banks and neighborhoods used to discriminate against communities of color. The negative consequences of discrimination in access to housing, ability to secure financing to buy a home, and government investment in infrastructure and services continue to echo through the generations, compounding the challenges facing people of color.

* The Census defines "Hispanic or Latino" as a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin regardless of race. It further explains that "Hispanic origin can be viewed as the heritage, nationality, lineage, or country of birth of the person or the person's parents or ancestors before arriving in the United States. People who identify as Hispanic, Latino, or Spanish may be any race." This Plan uses the term "Hispanic" when referencing Census data for consistency with that data set, but it also uses the term "Latino," which encompasses a similar but different group of people — those who are of Latin American descent (but may or may not come from a Spanish-speaking country).

** Census data tends to undercount people of color for a variety of reasons. This is a particular issue for undocumented immigrant populations. In addition, not all people of color are well represented by the general race and ethnicity categories available on the Census forms. The general categories also obscure the different outcomes for some Asian American populations within this larger data category.

Today, people of color continue to face discrimination in the housing market as well as in the economy. Due to persistent poverty and wage gaps, African Americans, Native Americans, Latinos and people of two or more races are more likely to spend a greater share of their incomes on rent, leading to housing insecurity and a higher risk of homelessness. Undocumented immigrants are especially vulnerable in the housing market due to fear of being reported. Systemic barriers to geographic and economic mobility, wealth creation, job and educational opportunities, and overall community building remain for people of color. These barriers continue to reinforce a pattern of disparities that is closely linked to race and ethnicity.

Advancing equity and racial justice is a top priority for the agency as it works toward undoing the harm of historic and current discrimination in housing.



BY THE NUMBERS



Half of Black and African American households in Oregon have an income below 60% of their area median, and **almost a third** have an income below 30% of their area median. Lower incomes translate to greater housing cost burden: **65%** of Black and African American households with incomes below 60% of their area median have severe housing cost burdens — higher than other low-income Oregonians of all races and ethnicities.⁸

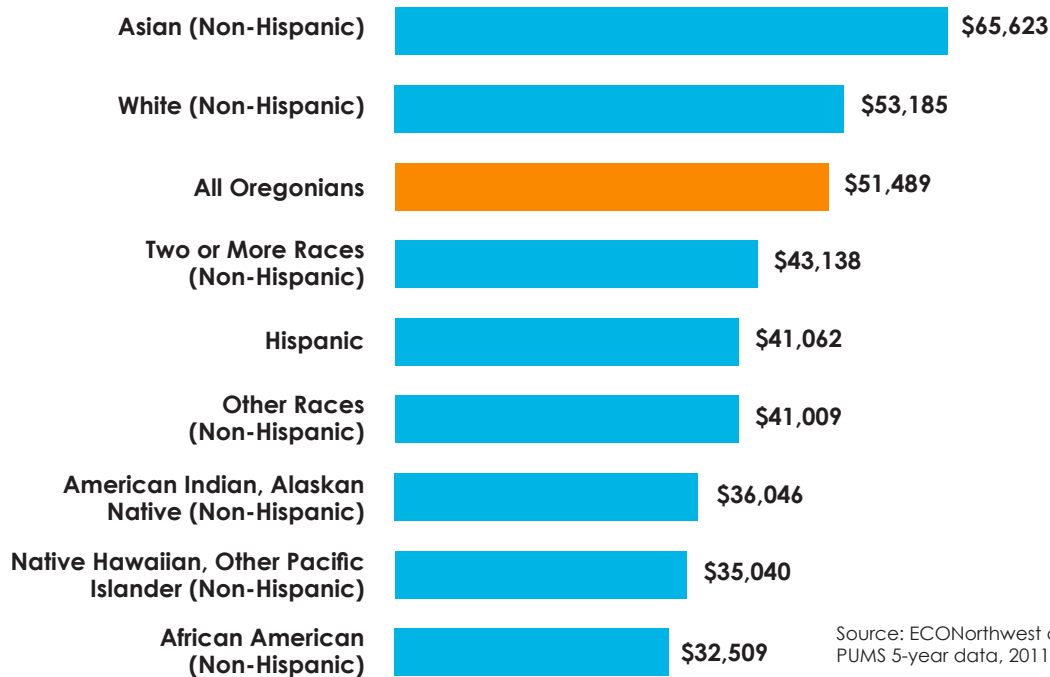
Over the past three decades, the racial wealth divide between Black and Latino households and White households has increased from about **\$280,000** in 1983 to over **\$500,000** in 2013.⁹

Statewide, the homeownership rate for Hispanic and non-White households is only **43%**, compared to **64%** for non-Hispanic, White households.¹⁰

40% of households of two or more races (non-Hispanic) have incomes below 60% of their area median, and of those, **68%** have moderate or severe energy burden.¹¹

26% of people of color live below the poverty line in Oregon, compared to **15%** of the White population.¹²

Median Household Income (2011 – 2015)



Source: ECONorthwest calculations of PUMS 5-year data, 2011-2015.

DEFINING RACIAL EQUITY

While most people think they understand what equity means at a visceral level, arriving at a clear shared definition can be a challenge. Many funders and foundations are engaging in an effort to articulate a definition of racial equity that resonates within their organizations.¹³ Below are a few examples of how other organizations are thinking about racial equity.

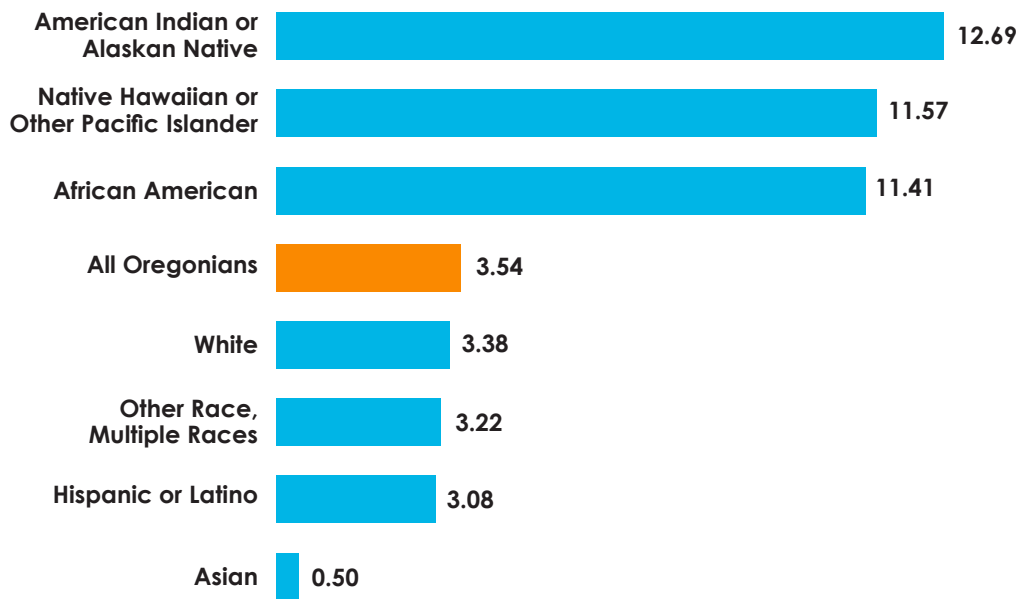
“Racial equity means that race can’t be used to predict success, and we have successful systems and structure that work for all. What matters are the real results in the lives of people of color, not an abstract conception that everyone has equal opportunity. . . . Because of the intergenerational impacts of discrimination and continued

disparities due to implicit bias, policies must be targeted to address the specific needs of communities of color. This means that sometimes different groups will be treated differently, but for the aim of eventually creating a level playing field that currently is not the reality.”¹⁴

“At CSI [Center for Social Inclusion], we define racial equity as both an outcome and a process. As an outcome, we achieve racial equity when race no longer determines one’s socioeconomic outcomes; when everyone has what they need to thrive, no matter where they live. As a process, we apply racial equity when those most impacted by structural racial inequity are meaningfully

A disproportionately high number of Native Americans/ Alaskan Natives, African Americans, and Native Hawaiians/ Pacific Islanders are experiencing homelessness.¹⁶

People Experiencing Homelessness per 1,000 Population by Race and Ethnicity



Source: ECONorthwest calculations of homeless population from Point-in-Time Counts (2017) and total population from 2011-2015 ACS 5-year estimates by race (Table B02001) and ethnicity (Table B03003).



NATIVE AMERICAN TRIBES IN OREGON

Oregon has nine federally recognized tribes. The tribal nations have a unique government-to-government relationship with the State (including OHCS) due to their sovereign status. Oregon’s Native American communities have a significantly lower median household income and higher rates of homelessness than the state average. Since state programs and tribal programs mutually serve tribal members, coordination between agencies and service providers is essential. Furthermore, ensuring those services are culturally competent can increase their effectiveness.

Implementation Strategies

- » **Adopt an approach to advancing equity and racial justice**, informed by national promising practices and lived experience of communities of color.
- » **Establish and publish a numerical target for the Equity priority** as a supplement to the Statewide Housing Plan by December 2019.
- » Create and maintain a system to **analyze OHCS programs and practices and remove identified barriers to access and opportunity** within OHCS programs to ensure equitable outcomes.
- » Improve OHCS's ability to **track, analyze, and measure performance and progress towards equity goals** through standardization of data collection and enhancing data analysis of program utilization.
- » **Meaningfully engage culturally specific and culturally responsive organizations** and their constituents to ensure OHCS policies, practices, systems of accountability and program awards are designed to advance equity and racial justice and meet the needs of communities of color.
- » Provide statewide leadership by using OHCS' Internal Diversity, Equity and Inclusion Committee to **solicit and adopt a Diversity, Equity and Inclusion framework** as a piece of the core value system of the agency and to serve as a model for the state.
- » **Use OHCS programs as an avenue for asset building** to increase economic opportunity and mobility and increase income and wealth for communities of color.
- » Fund housing and community services programs to **build inclusive communities and prevent, mitigate or reverse the effects of gentrification and displacement**.



2019 – 2023 GOAL FOR EQUITY AND RACIAL JUSTICE

Communities of color will experience increased access to OHCS resources and achieve greater parity in housing stability, self-sufficiency and homeownership. OHCS will collaborate with its partners and stakeholders to create a shared understanding of racial equity and overcome systemic injustices faced by communities of color in housing discrimination, access to housing and economic prosperity.*

Baseline data on Equity and Racial Justice Goal is not available at present.

OHCS has not yet begun the work of collecting and evaluating our current performance based on race and ethnicity, but is committing through the strategies to do this in the future.

- » **Increase access to fair housing resources, education and enforcement** to reduce the occurrence and impact of housing discrimination in Oregon.
- » **Strengthen relationships with tribal leaders** and leverage resources to address disparities in tribal housing issues.

Funding Opportunities and Challenges

OHCS has opportunities to address racial injustice through a number of programs. For example, in recent years the Oregon Legislature created a new statute for LIFT, the Local Innovation and Fast Track housing development program. One of the statutory goals for LIFT is to provide housing to underserved communities, which are defined as rural communities and communities of color. OHCS intends to prioritize future allocations of LIFT resources to maximize the impact of these explicit goals.

Many funding sources have statutorily mandated spending terms, meaning OHCS has little control over how funds are distributed or spent, but we do have opportunities to reorient certain flexible funding sources and programs, including many homeownership lending programs, and rent assistance programs, as well as down payment assistance, homeownership center funding, some gap financing for multifamily rental housing and certain funding for homeless services to achieve equitable outcomes. We can also prioritize rental housing acquisition, preservation and development to ensure that those projects serve populations that align with the department's priorities, including in communities vulnerable to or experiencing gentrification and displacement. We can use contracting practices to ensure that OHCS-funded projects provide opportunities for minority-owned businesses.

Another opportunity is in the arena of capacity building. Key housing development and homeless service dollars provided through the state Document Recording Fee (a dedicated funding source for affordable housing established by the Oregon Legislature) and Emergency Housing Assistance include a component of discretionary or capacity building resources that can be used for increasing the capacity of our partners to expand racial equity work.

The Fair Housing Act was put in place to provide legal protections against discrimination. OHCS uses resources for fair housing training for our industry partners. We have asked for additional funding to increase fair housing resources and education of partners, as well as education for renters navigating the state's many tight rental markets. Because issues like poverty, housing instability and homelessness disproportionately affect people of color, we will focus efforts on long-term, stable housing for individuals and families at the lowest income levels.

Partner Roles

Recognizing the importance of the experience and knowledge of culturally specific organizations and the unique value they provide to the community and the department, we are committed to providing financial support to those organizations, allowing them to dedicate the time and resources needed to fully engage in shaping and supporting the Plan implementation. In addition, all OHCS grantees will need to demonstrate their commitment to equity and racial justice and will need to increase their aptitude to deliver equitable outcomes. It is essential to the successful implementation of this priority for housing and service providers to join us in delivering equitable treatment and outcomes for people of color.

ADDRESSING RACIAL DISPARITIES IN HOMEOWNERSHIP

The Joint Interim Task Force on Addressing Racial Disparities in Home Ownership was established by House Bill 4010 and is sponsored by Oregon Speaker of the House, Tina Kotek, and President of the Senate, Peter Courtney. Final recommendations will be made by September 15, 2019. OHCS is supporting the task force by providing context, data, information about our services, demographics, current partnerships and future partnership opportunities.

The task force will:

- » Compile data concerning levels of home ownership among people of color in this state;
- » Identify barriers to home ownership that people of color in this state face;
- » Investigate practices and procedures for approving mortgage loans;
- » Identify any mortgage loan application and approval practices and procedures that deliberately or inadvertently discriminate impermissibly against people of color or that directly or indirectly create or maintain barriers against approving mortgage loans for people of color;
- » Identify barriers other than access to mortgage loans or other credit that reduce or prevent home ownership among people of color; and
- » Recommend solutions, including legislation, to modify practices or procedures for mortgage loan applications and approvals to eliminate any impermissible discrimination or barriers and to improve other conditions that reduce or prevent home ownership among people of color in this state.



PRIORITY Homelessness

Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.

Why This Matters

Measures of the number of people or households experiencing homelessness vary by data source and method, but all suggest that homelessness has increased during the current housing crisis. According to the Point-in-Time count, approximately 14,000 Oregonians experienced homelessness in 2017, an increase of nearly 6% since 2015. Oregon's unsheltered population has increased more rapidly than the sheltered population, and the state's rate of unsheltered homelessness is the third highest in the nation at 57%. The state's rate of unsheltered homelessness among people in families with children is the second highest in the nation at 52%.¹⁷

BY THE NUMBERS

Low-income 10th grade students in Oregon who did not move during a school year from third grade on are roughly **10 percentage points** more likely to graduate on time than their low-income peers who have moved within a school year.¹⁸

Children from low-income families **earn more** as young adults when they spend more of their childhood in an affordable home.¹⁹ For every additional year a child spends in a better neighborhood environment, their economic outcome as an adult improves.²⁰

As of the 2017 PIT Count, Oregon has the **25th largest** number of veterans in the country but the fifth largest number of veterans experiencing homelessness, and is one of only three states in the country where more than half — **53%** — of veterans experiencing homelessness were living without shelter.²¹

According to the 2017 PIT count, chronically homeless individuals and youth make up about **43%** of all people experiencing homelessness.²²

Other data sources suggest that the numbers of people experiencing homelessness may be higher. According to the Oregon Department of Education, close to 23,000 students lacked “a fixed, regular and adequate nighttime residence” as of the 2016–17 school year. Approximately 75% of these students were living doubled up with friends or relatives to avoid staying in shelters or on the street. (See discussion of data differences in “Measuring Homelessness.”)

Research shows that rising rents are an important driver of the homeless rate.²³ When rents are rising and vacancy rates are very low, it becomes even more difficult for people to access stable housing, especially those struggling with addiction, mental health, domestic violence or other personal situations.

MEASURING HOMELESSNESS

Measurement of homeless populations is inherently challenging. The number of people experiencing homelessness is constantly in flux as people lose and regain access to housing, and identifying unsheltered populations is particularly challenging.

The largest and most commonly cited source of data on homelessness is the Point-in-Time Counts (PIT) hosted by the U.S. Department of Housing and Urban Development (HUD). Conducted by local Continuums of Care (CoCs), HUD requires every state to count the number of people experiencing homelessness in each CoCs' region on a specific night in January, and to identify those individuals' demographic characteristics. CoCs count people living in emergency homeless shelters, transitional housing and Safe Havens every year, and they count unsheltered homeless persons every other year. Concerns about HUD's PIT approach include counting methods that vary across regions and reliance on unverified, self-reported conditions. Further, because the PIT provides a snapshot on a single day while most homeless spells are relatively short, the PIT approach does a poor job of measuring the total share of a region's population

that experiences homelessness over the course of a year. Despite the well-known limitations and the fact that it is almost certainly an underestimation, the PIT counts are the most comprehensive source available and are helpful in signaling big shifts in homelessness across time and geography.

This Plan additionally references data from the Oregon Department of Education on student populations experiencing homelessness. The data include students living in emergency shelters or transitional housing; those living in motels, tents or trailers; or those “doubling up” with others. As a result, the numbers are larger than those from the PIT count estimates. These data are probably the best source of information in Oregon regarding families experiencing homelessness and they highlight the likelihood that the PIT counts underestimate homelessness.



There are about 71,000 Oregonians with household income at or below 15% of area median income (approximately \$12,000), and 94% of them are paying more than 50% of their income on rent.²⁴ This population is at a significant risk of homelessness and may require homeless prevention services to remain in their homes, especially in such tight rental markets.

Homelessness and housing instability impose high costs on families and individuals. It is harder to find and keep a job, treat or manage medical conditions, and learn in school when homeless. These challenges are particularly acute for children and veterans who are experiencing homelessness. Homeless people are also vulnerable to violence and abuse, especially women and the LGBTQ+ community.

No one institution can end homelessness on its own. Partnerships and coordination across a number of intersecting economic, social and health systems are absolutely critical to effectively addressing homelessness. Overall, given the increases in rents statewide, the fact that homeless rates did not increase more dramatically in recent years is a sign of the concerted efforts of many partners to prevent episodic homelessness and house people who are homeless. There is substantial momentum and opportunity for partnership around ending homelessness, specifically around ending homelessness for veterans and children. This Plan recognizes the importance of partnerships and builds on that momentum.



WHAT DOES IT MEAN TO 'END HOMELESSNESS'?

Ending homelessness is an ambitious goal that most state and local communities share. **The United State Interagency Council on Homelessness has adopted the following guidance:**

An end to homelessness means that every community will have a comprehensive response in place that ensures homelessness is prevented whenever possible, or if it can't be prevented, it is a brief, one-time experience. Specifically, every community will have the capacity to:

» Quickly identify and engage people at risk of or experiencing homelessness.

» Intervene to prevent people from losing their housing and divert people from entering the homelessness services system.

» Provide people with immediate access to shelter and crisis services without barriers to entry if homelessness does occur.

» Quickly connect people experiencing homelessness to housing assistance and services tailored to their unique needs and strengths to help them achieve and maintain stable housing.



Implementation Strategies

- » Harness convening power to **focus and coordinate partners' and providers efforts** toward addressing homelessness and best practice implementation and sharing.
- » **Build capacity for OHCS and partners** to implement proven models to prevent and end homelessness.
- » **Enhance the state's and homeless service providers' data and research capability** to understand and address homeless needs across Oregon, in order to establish outcomes for homeless service investments and continually evaluate effectiveness of the work.
- » Engage state agencies, federal and local funders to **align and maximize available resources to end homelessness**.
- » Coordinate funding, policy and action with veteran organizations, housing developers, service providers and other partners to implement effective strategies and promising practices to **end veterans' homelessness statewide**.
- » Lead partners on a concerted effort to **prevent and end child homelessness** with a holistic approach that supports both parents and children by aligning efforts with Homeless Student Liaisons, educators, child welfare and domestic violence service providers, other state agencies and family support programs.
- » Expand services to **help Oregonians at risk of becoming homeless retain and access housing**, including risk mitigation funds, landlord outreach and education, tenant education, and legal assistance for tenants.

2019 – 2023 GOAL FOR HOMELESSNESS

OHCS will drive toward impactful homelessness interventions by increasing the percentage of people who are able to retain permanent housing for at least six months after receiving homeless services to at least 85 percent. We will also collaborate with partners to end veterans' homelessness in Oregon and build a system in which every child has a safe and stable place to call home.

Baseline data for Homelessness Goal:
Percentage of homeless Oregonians remaining in permanent housing six months or longer (2014-2018 Average): 79%

- » Maximize opportunities to integrate **asset-building and antipoverty programs and resources to support housing stabilization and economic security** for individuals and families experiencing or at risk of homelessness.
- » **Leverage OHCS' affordable housing development resources and programs to address homelessness** by incentivizing new affordable rental housing to accept and prioritize formerly homeless individuals and families.

Funding Opportunities and Challenges

Recently, the Oregon Legislature has given significant attention to issues surrounding homelessness, including prevention, and has authorized increases in funding. In the most recent biennium, state funding for homeless services, facilities and prevention totaled \$58.8 million (including 2018 legislative funding actions), doubling funds in the previous biennium. Because the General Fund rises and falls with economic cycles, this is not stable or dependable funding; however, it signals attention to issues surrounding homelessness from the Oregon Legislature and state leadership. The recent increase in state investment is a clear response to the housing crisis many Oregonians face as they experience or live on the edge of homelessness.



PROMISING PRACTICES TO END HOMELESSNESS FOR VETERANS

The first criteria to ending veterans' homelessness, as identified by the United States Interagency Council on Homelessness, is that the community has identified all veterans experiencing homelessness in a by-name list or registry that identifies specific individuals. Next, the community works together to secure resources specific to the needs of each veteran in crisis.

Many providers are now hiring veterans and active military personnel to act as outreach and peer specialists. A focused effort to include veterans in planning processes and in the actual delivery of services has been critical in these providers' ability to reach and serve all veterans, including those

who have traditionally been resistant to engaging with services from the Veterans' Administration (VA), Oregon Department of Veterans' Affairs or other community partners. Examples include establishing veteran advisory councils or similar groups that have direct decision-making power related to veteran planning efforts and that interface with homeless service providers, VA Medical Centers and other stakeholders.



The Governor's Housing Agenda released on August 30, 2018, proposes increasing the ongoing support for Emergency Housing Assistance and the State Homeless Assistance Program to \$50 million; investing \$20 million to permanently house families with children, with a focus on school-age children experiencing unsheltered homelessness; and providing up to \$20 million for tenant and landlord resources to help families access and retain housing and meet the unique needs of domestic violence survivors. In 2017, the legislature authorized state funds to be used for the acquisition of shelters and transitional housing to allow local communities to increase the supply of temporary housing where needed. The recent increase in the document recording fee will also provide greater opportunities in this area, including assisting veterans.

OHCS is just one of many entities with a role in funding and delivering homeless services, shelters and prevention (see further discussion in "Partner Roles" on page 22), which elevates the importance of partnership and alignment. Most of OHCS's housing stabilization programs allocate funding to the state's Community Action Agency (CAA) network around the state using a need-based formula. CAAs have some flexibility in how they deploy the funds to best meet the needs of their community based on a community needs assessment and plans developed in partnership with OHCS.

In addition to state dollars, Oregon service providers receive federal funds to prevent and address homelessness and alleviate poverty. OHCS administers CSBG dollars, which are implemented by CAAs. OHCS also administers Emergency Solutions Grant funds. Funds for these programs have held steady in recent years,



SUPPORTING HOUSING STABILITY

When Caroline found her way to her local Community Action Agency, she wanted to take control of her life. As a single mom with two kids — one of whom was a newborn — Caroline had some significant barriers to overcome: a recent eviction, overcoming addiction and a criminal record in her distant past. Fortunately, she had the will and the support to transform her life.

Caroline got connected to short-term rent assistance that supported her as she worked to create stability in her life. "Community Action taught me about ownership, personal responsibility, and helped me not feel ashamed about a bad situation," says Caroline. First Caroline was able to land a job. Then she started learning how to budget and save, opening a bank account for the first time in years. Most importantly, she found housing. As an added bonus, her home is near a high performing school that her teenage son is now able to attend.

despite proposals to cut or eliminate these federal expenditures. In addition to the funds to address homelessness managed by OHCS, other federal funds go directly to continuum of care (CoC) organizations, which are designed to promote community-wide commitment with the goal of ending homelessness. OHCS does not control funds utilized by CoCs, and alignment with CAA programs and services varies across the state.

To the extent OHCS is in a position to influence how resources are spent to address homelessness, there are difficult trade-offs to consider. For example, programs that have the greatest impact can be more costly per person served, limiting the number of people that can be served. There are also difficult choices among different ways to address homelessness: shelter beds alleviate the acute trauma of unsheltered homelessness, but they do not provide long-term housing assistance.

Partner Roles

OHCS would not be able to meet the needs of individuals and households experiencing homelessness without the expertise, knowledge and collaboration of its many partners. Local service providers — both nonprofit and for-profit — are on the ground each day connecting with people experiencing or



WHAT ARE COMMUNITY ACTION AGENCIES?

Community Action Agencies were created through the Economic Opportunity Act of 1964 as the first social service agencies to involve lower-income people as members of their Boards of Directors to help set policies, design programs and evaluate services intended to reduce or eliminate the causes and conditions of poverty. Each CAA uses a community-based needs assessment to develop advocacy and service priorities to provide the most relevant, most effective services for its own community. Located in the areas of greatest need, local CAAs offer an extremely wide variety of programs that serve low-income children, families

and seniors. In Oregon, a statewide network (Community Action Partnership of Oregon) represents the state's 17 CAAs and the statewide farmworker housing organization, Oregon Human Development Corporation. This approach creates a unique and effective system for fighting poverty in Oregon.²⁵



threatened with homelessness. CoCs and CAAs coordinate efforts and administer OHCS and other federal funds to address homelessness in their region. Local businesses and philanthropic partners can also play a role in supplementing government funding to address homelessness. Other state agencies and partners (e.g., the Department of Veterans Affairs, Oregon Health Authority, Department of Corrections, Department of Education, Department of Human Services and the Governor's Office) all play a role in aligning services, policies and funding to prevent and end homelessness. The combined efforts of these partners will be essential to the successful implementation of OHCS's goals and strategies around homelessness.



Bud Clark Commons in Portland. Photo credit: Bruce Forster



PRIORITY

Permanent Supportive Housing

Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.

Why This Matters

Permanent supportive housing (PSH) is a critical part of the wide spectrum of affordable housing and a proven model for successfully housing economically vulnerable people. PSH provides service-enriched housing affordable at extremely low incomes to more effectively serve the most vulnerable populations. A wide body of evidence supports the use of PSH to provide better outcomes for people and reduces costs on health care, criminal justice, emergency services and other public systems. PSH programs focus on individuals with the highest needs who are already homeless and have characteristics that suggest they will continue to be homeless for an extended period of time.

But the current need for PSH in Oregon far exceeds the amount of PSH available. According to a study completed by the Corporation for Supportive Housing, Oregon needs about 12,388 units of PSH to serve individuals and families with a range of needs and challenges.²⁶ Increasing the availability of PSH is critical to



WHAT IS PERMANENT SUPPORTIVE HOUSING?

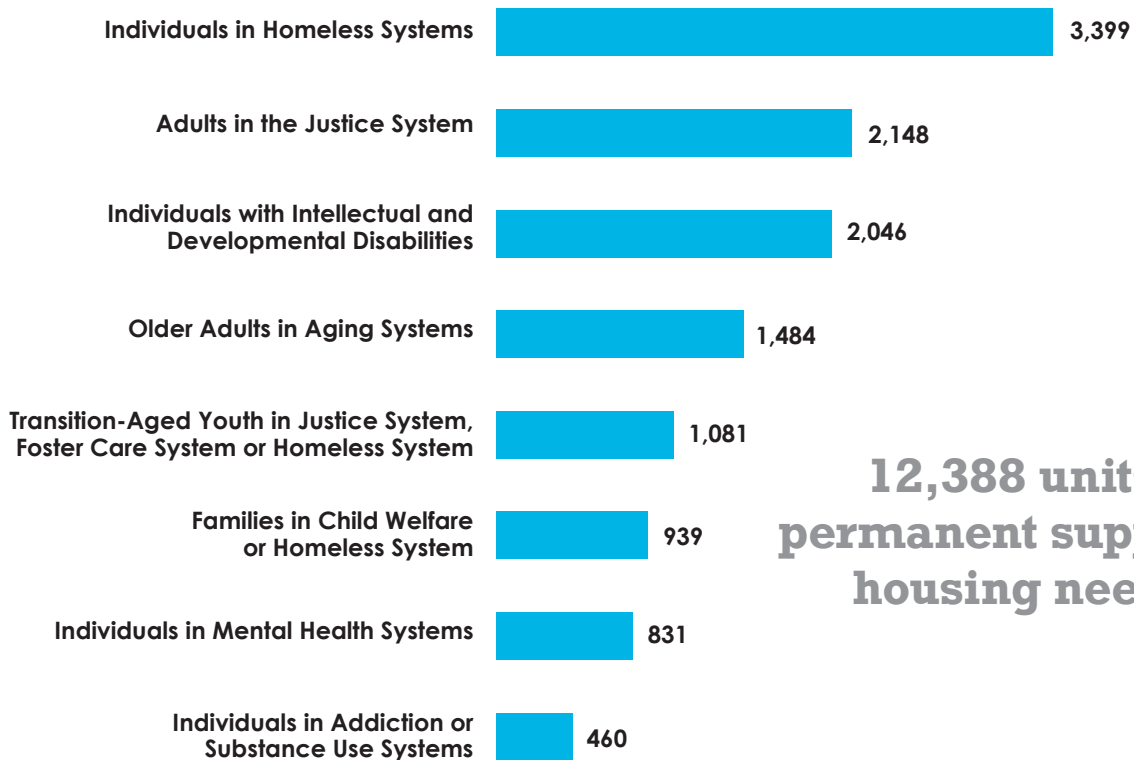
PSH combines lease-based housing affordable at extremely low incomes (less than 30% of the area median income) with tenancy supports and other wraparound supportive services to more effectively serve the most vulnerable populations, including people who are homeless or at risk of becoming homeless and people who are institutionalized or at risk of institutionalization. Properties providing PSH units offer social, health

and employment services for residents, helping to ensure long-term housing success. PSH is a key resource for people who, without support in their tenancy, may not be successful in maintaining stable housing and who conversely, without housing, may not be as successful in using health care and other services to achieve and maintain recovery, health and wellness.

making homelessness a brief, nonrecurring event. Importantly, it has also been shown to both avoid and reduce costs in other parts of the social service system through a decrease in emergency department use, law enforcement and criminal justice, and other services.²⁷

PSH is a priority not just for OHCS but for many local governments and affordable housing development and service provider partners as well. In outreach associated with developing this Plan, OHCS heard resounding support for the model and a desire for targeted funding for development and operation. In particular, partners described a need for technical assistance to support successful PSH production and operations.

Need for PSH Units by Subpopulation



12,388 units of permanent supportive housing needed

ECONorthwest analysis of Corporation for Supportive Housing, Supportive Housing 101 Data. Retrieved from: <https://www.csh.org/supportive-housing-101/data/>.



2019 – 2023 GOAL FOR PERMANENT SUPPORTIVE HOUSING

OHCS will increase our commitment to permanent supportive housing by funding the creation of 1,000 or more additional permanent supportive housing units to improve the future long-term housing stability for vulnerable Oregonians.*

* The 1,000 unit goal includes developing new PSH units as well as converting existing units to PSH units by adding wraparound services, reducing rents to be affordable to those making less than 30% of the area median income, or both.

Baseline data for PSH Goal:

383 units funded through the Mental Health Housing Program 2014-2018.

Note that not all Mental Health Housing program funded units meet the definition of PSH; however, this program represents units most similar to PSH. OHCS has not historically collected data on PSH units funded through other programs.

Implementation Strategies

- » **Expand the pool of resources for PSH** by soliciting new funding and aligning funding for capital both with internal and external sources of funding for supportive services.
- » Explore development of a **state-funded tenant and project-based rental assistance program**.
- » **Make housing development dollars from existing sources available for PSH** by incorporating requirements or incentives into affordable housing funding opportunities.
- » Lead in identifying barriers to production and operation of PSH; **provide education and technical assistance** to support development and effective operation of homes.
- » **Coordinate with the PSH strategies of partners in local government** and continuums of care to make it easier to create PSH.
- » Support Oregon Health Authority and State of Oregon requests for policy changes and federal Medicaid waivers that **create opportunities for funding tenancy support services tied to supportive housing**.
- » **Partner with providers of emergency health care, criminal justice, homeless and other crisis services** to target interventions for the most frequent users of these services.
- » **Encourage the use of the Homeless Management Information Systems** to assist in client identification and placement in supportive housing.
- » Create opportunities for **cross-system data sharing** and identifying data sharing protocols and infrastructure to ensure the state can collaboratively measure outcomes.

- » **Support implementation of the Statewide Supportive Housing Strategy Workgroup's recommendations** to advance PSH. (See Appendix for recommendations.)

Funding Opportunities and Challenges

The Governor's Housing Policy Agenda released on August 30, 2018, addressed the shortage of PSH in Oregon and recommended providing \$20 million in bond proceeds to construct new units. Even with the Governor's proposed increase in investment for PSH, the lack of ongoing, long-term funding sources for supportive services attached to PSH units is a persistent challenge. Funding these resident success programs and supportive services often falls to community-based providers and can jeopardize the operating sustainability of a property. OHCS already uses scoring criteria to incentivize production of PSH through affordable housing finance programs and has opportunities to align funding sources that support housing stabilization and homeless services with PSH units. There are also opportunities to explore integrating funding from other agencies (e.g., Medicaid funding from Oregon Health Authority) to support services for PSH units.

Partner Roles

Addressing PSH truly requires a team effort. State agencies, including the Department of Veterans Affairs, Oregon Health Authority, Department of Corrections and Department of Human Services, are essential partners for providing a coordinated and integrated system around PSH. Coordinated Care Organizations, developers of affordable housing and local service providers are critical to delivering successful PSH units and services. In addition, health care providers, hospitals, health systems insurers, private business and charitable foundations can play a role in expanding opportunities for PSH.

BY THE NUMBERS

Closer to Home, a study of affordable housing and supports in Portland, found that costs to health care systems were **14%** lower for residents of PSH. In addition, in the year after moving into affordable housing, outpatient primary care utilization had increased by **20%**, emergency department use had fallen by **18%**, and residents reported that access to care had improved by **40%** and that the quality of care they received had improved by **38%**.²⁸



PRIORITY

Affordable Rental Housing

Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.

Why This Matters

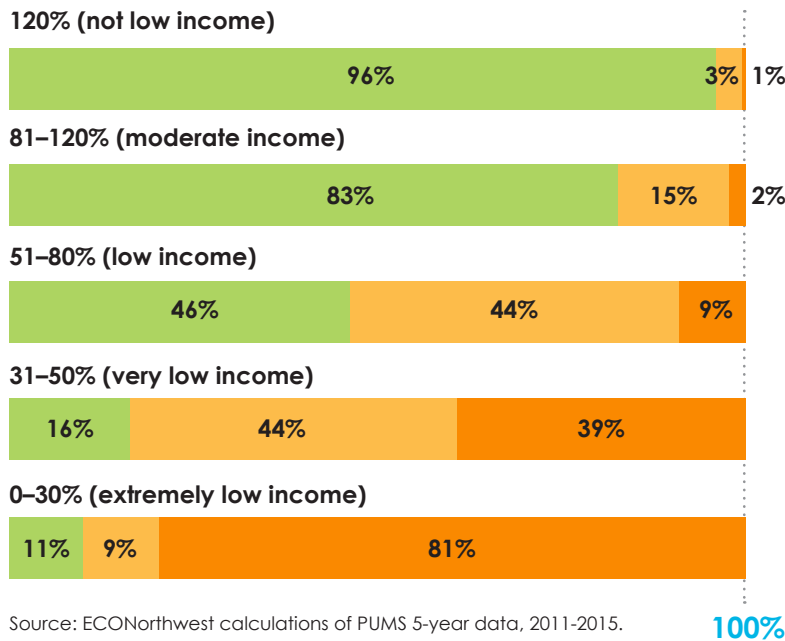
Many studies have shown that access to affordable housing has broad, positive impacts; families, children, seniors, people with disabilities and our communities all benefit from increased supply of affordable housing. Affordable housing increases financial stability and allows families to prioritize spending on what matters most, including food, transportation, healthcare and saving for college or retirement.

In recent years, OHCS and its affordable housing development partners responded to an ongoing housing crisis with record production of new units, including a pipeline of nearly 8,000 units. Despite this incredible effort, evidence suggests that it remains an insufficient response.



Rents and housing prices continue to rise relative to incomes, resulting in more of Oregon's households experiencing cost burdening. Meanwhile, vacancy rates remain below 6%²⁹ (lower in some areas), making it difficult for people to find housing even when they have financial resources. Some units that rent at affordable prices on the market need significant investment to be safe and healthy places to live. Without additional production of affordable and market-rate units, this situation inevitably leads to increasing rates of homelessness, increased housing instability, and cost burdening.

Cost Burdening By Income Category



Oregon's lowest income residents are spending large shares of their monthly income on housing.

- No Cost Burden: Spending 30% or less of income on housing
- Moderate Cost Burden: Spending 31-50% of income on housing
- Severe Cost Burden: Spending more than 50% of income on housing

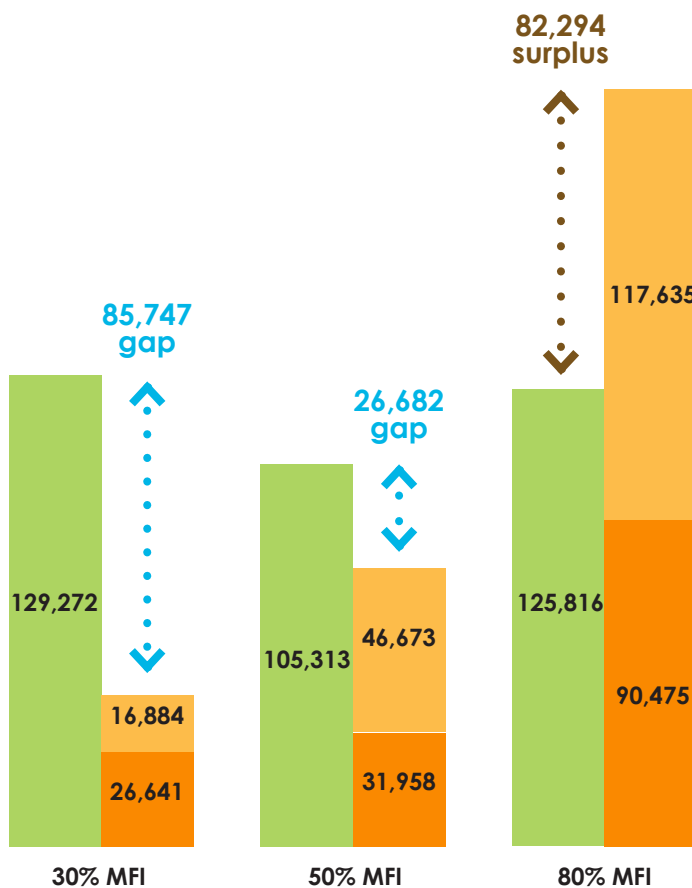
BY THE NUMBERS

According to the Harvard Joint Center for Housing Studies, families in affordable housing have significantly **greater ability to pay** for their other essential needs, allowing them to spend nearly **five times** as much on health

care, a third more on food and **twice** as much on retirement savings. They can pay down debt, save to pay for college or buy a home when they are not struggling to pay housing costs.

OHCS and its partners are actively working to break down barriers to the preservation and production of affordable housing. Many local communities are exploring options to increase funding and provide incentives to support affordable housing production. These efforts go beyond funding for the construction of new units to include outreach and education to help tenants navigate tight housing markets.

Housing Units Needs and Supply by Income Category



Statewide, over 85,000 new units are needed to house those households earning below 30% of Median Family Income (MFI) in units affordable to them. The gap is even larger when accounting for the more than 16,000 units affordable at 30% of MFI, which are occupied by households at other

Source: ECONorthwest calculations of PUMS 5-year data, 2011–2015.

- Number of households in each income category needing units
- Number of units affordable to those households and available (either rented to people in that income bracket or vacant)
- Number of units rented at that price point but occupied by a household at a different price point.

Implementation Strategies

Close the Affordable Housing Gap

- » **Make housing development resources available in a consistent, predictable format** to help communities build a pipeline of housing supply aligned with local funders.
- » **Expedite the delivery of affordable housing** to Oregon communities with improved technology, streamlined processes and collaborative partnerships.
- » **Build the capacity and expertise of partners and project sponsors** to deliver housing in communities throughout the state through training and technical assistance about funding sources, application processes and ongoing compliance.
- » Work with other state and regional agencies to help communities **identify and remove barriers to affordable housing development**.
- » **Educate and empower local leaders to support affordable housing development** in their communities.
- » **Align funding priorities for subpopulations and income or rent levels or other factors to address the priorities in this Plan;** respond to the areas of greatest need and take advantage of opportunities for greater reach and leverage.
- » Identify and implement innovations in financing for the **acquisition of land and preservation of affordable and low-cost, market-rate rental housing** to provide a greater range of tools for affordable housing.
- » **Pursue opportunities to make resources go further** by recycling and increasing gap funding.



2019 – 2023 GOAL FOR AFFORDABLE RENTAL HOUSING

OHCS will triple the existing pipeline of affordable rental housing — up to 25,000 homes in the development pipeline by 2023. Residents of affordable rental housing funded by OHCS will have reduced cost burden and more opportunities for prosperity and self-sufficiency.

Baseline data for Affordable Rental Housing Goal: Between 2014-2018 OHCS funded 12,872 affordable rental homes that have been constructed, preserved or are in the pipeline. Existing pipeline on January 1, 2019 is 8,408.

- » **Create a preservation strategy** to support previous housing investments to ensure the housing remains affordable and in good condition.
- » Preserve and create affordable, rental **manufactured housing developments** as a low-cost means to create and maintain affordable housing.
- » Align OHCS investments with **local transportation and service investments**.

Reduce Cost Burden

- » Take advantage of opportunities to **provide affordable housing in transportation-efficient locations** to reduce travel time and housing and transportation cost burden for residents of OHCS-funded properties, including transit-oriented development and areas near affordable transportation.
- » Employ new approaches for energy and weatherization funding to **improve the energy-efficiency of OHCS-funded properties** and reduce cost burdens for residents.
- » **Link affordable housing residents with tools to build prosperity and economic self-sufficiency.** Engage housing providers to incorporate effective resident services and align OHCS programs to best meet resident needs.



Funding Opportunities and Challenges

OHCS administers state and federal funds that leverage a total of \$1.36 billion (including the private debt and equity investments harnessed with public funds) for affordable rental housing development, preservation and long-term rent assistance, as of the most recent (2017–19) biennium. This represents roughly a 40% increase from the previous biennium. This increase comes primarily from leveraging recent investments made by the Oregon Legislature, such as the increase in the DRF and investment in LIFT. The Governor's Housing Policy Agenda released August 30, 2018, recommended significant additional funding for affordable rental housing, including \$160 million more for the LIFT program, \$25 million for preserving subsidized rental units and \$25 million to provide funding to acquire rental housing that doesn't have rent or income restrictions. These represent significant legislative investments in affordable housing, but they are not guaranteed for future funding periods, making a sustained commitment from the state legislature essential to maintaining the momentum of these programs.

Beyond expanding the total funding available, the DRF offers a significant opportunity to provide flexible funding for affordable rental housing production. While specific programs to be funded with the DRF are outlined in law, OHCS has discretion over the details of program implementation.

In addition, because OHCS administers the majority of its development funding through competitive selection processes, it has significant discretion over application procedures and the priorities set forth to guide the types, income levels and locations of affordable housing built in the state. For example, OHCS prepares a Qualified Allocation Plan (QAP) that governs the process and priorities for affordable housing funded by federal Low-Income Housing Tax Credits (LIHTC), which are the largest source of development funding. The revision of a QAP is regulated by the Internal Revenue Service (IRS) and can require extensive engagement with stakeholders and advisory bodies since changes impact the development community, who are working to prepare applications for funding. While changing the QAP is not a simple step, by aligning QAP priorities with those called out in this Statewide Housing Plan, we are able to increase the predictability and impact of our programs.

At the federal level, OHCS is pleased to administer new National Housing Trust Fund dollars, which are geared toward the lowest income households and have been successful in producing units affordable at the 30% AMI level. However, uncertainty at the federal level has impacted funding for affordable housing. Federal tax reform has resulted in lower pricing for LIHTC, meaning that these dollars are not stretching as far as they previously did. Over time, federal resources in core programs such as HOME and Section 202/811 capital funds have been dramatically reduced, leading to less production of housing.

One key challenge in affordable rental housing finance going forward is the state's Private Activity Bond cap — the total tax-exempt debt that a state can invest in private projects with public benefits — because it is shared among several OHCS programs, as well as with other state agencies and local jurisdictions. While recent approved and proposed local housing bonds will expand funding for affordable housing in those communities, they also compete with existing state and local programs for tax exempt bonding capacity.



PROMISING PRACTICES FOR OPTIMIZING INVESTMENT IN AFFORDABLE RENTAL HOUSING

Many state and local affordable housing funders, including Minnesota, Washington, Ohio, Maryland, Florida, Connecticut, New Mexico, Colorado, New York City, Alameda County and the city of Denver, offer funding for affordable rental housing primarily — or even exclusively — in the form of loans and recoverable grants. In fact, of the six housing finance agencies surveyed in June 2018, all who administered multifamily gap financing reported issuing more than half of the gap financing in the form of loans rather than grants — and in some cases, all of it. This promising practice allows the funder to recycle funds for use in other projects, expanding the pool of available resources.

As an example, the Ohio Housing Finance Agency (OHFA) issues affordable rental housing capital predominantly in the form of loans, including some fully amortizing permanent loans, LIHTC

equity bridge loans and subordinate loans. Funding sources include federal entitlements, state appropriations and program income. Awarded funds are generally considered a soft loan with repayment based on the project's cash flow. Interest rates are low (up to 2%) and somewhat flexible; the terms and the amount of repayment are determined by OHFA during application review. The agency's gap financing program does offer grants for projects that meet specific criteria. These are generally smaller projects with at least some units serving extremely low-income households (at or below 35% of area median income). Grants are limited to 50% of project cost and have caps on the maximum grant amount.³⁰



Increases in gap funding programs have also made it possible for more projects to leverage tax-exempt bonds associated with the 4% LIHTC program, but this has also increased demand for tax exempt bonds.

Further, OHCS administers gap funding for the development of affordable housing; while this has traditionally been issued in the form of grants, OHCS has the opportunity to explore avenues to maximize these resources to produce as many homes as possible over time. If even a small fraction of those resources were recycled in the form of low- or no-interest loans, the resulting increase in available resources over the long term could be significant.

Partner Roles

OHCS would not be able to meet its mission of providing housing for low-income Oregonians without the expertise, knowledge and collaboration of its many partners. Public housing authorities and developers and property managers — both nonprofit and for-profit — build, own and operate the affordable housing inventory so many Oregonians call home. Large-scale developers and small, local community development corporations play key roles in this work. Local jurisdictions that provide gap financing for development, waive or reduce fees for affordable housing, or aid in the permitting, processing and reviewing of development applications. The philanthropic community, including foundations and trusts, are essential partners in funding, researching and guiding affordable housing investment. The collective efforts of all players in this system can do far more to close the affordable housing gap than OHCS can possibly do on its own.

LOCAL LAND USE AND THE STATE'S ROLE IN PLANNING FOR HOUSING

Local land use regulations and decisions can influence the cost of affordable housing and impact the time it takes to develop new housing. Oregon's Department of Land Conservation and Development (DLCD) is responsible for overseeing the State's land use rules, including Goal 10 - Housing. DLCD provides technical assistance and planning support to local governments to address current and future housing needs. Through engagement with Regional Solutions teams, OHCS works with DLCD and local communities to advance housing

opportunities. OHCS is also partnering with DLCD to implement recent state legislation (House Bill 4006) related to rent burden, helping gather data from local governments and track local responses to rent burden. In 2018, OHCS and DLCD worked together with the Association of Oregon Counties and League of Oregon Cities to hold a series of workshops around the state aimed at helping local governments take the land use, policy and financing steps necessary to build a housing pipeline.



PRIORITY

Homeownership

Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.

Why This Matters

Affordable homeownership is a critical component of any forward-thinking strategy that seeks to address both housing and prosperity. Homeownership is the key method by which most Americans build wealth. In markets with rising home prices, homeownership is one of the best paths to housing stability, as most mortgages do not fluctuate with housing prices; this insulates homeowners from displacement pressures that renters may experience. Ownership also creates financial opportunity in other ways: owners can access home equity to invest in college education, business start-up or other key financial needs.

BY THE NUMBERS



“The median net wealth of low-income homeowners is dramatically higher than the median net wealth of low-income renters. For example, in 2001 the median net wealth of owner households with less than \$20,000 of income was **\$72,750**, but that of renters was only **\$900**. Although this reflects to some degree the greater wealth concentration of elderly who are income-poor but endowed with housing wealth, even among those under sixty-five the difference is dramatic.”³¹

Homeownership rates for all categories of people of color are lower than for white Oregonians. For White non-Hispanic Oregonians, the home

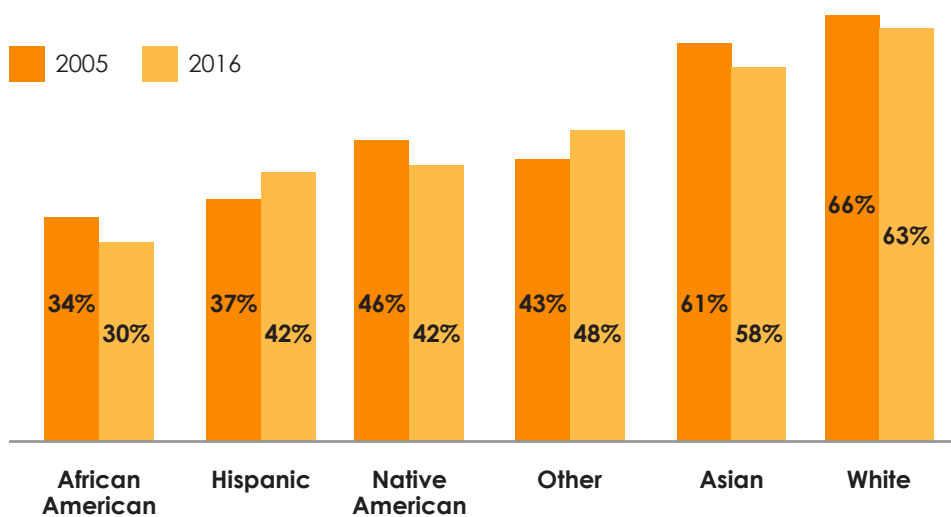
ownership rate is **63%**. For Hispanic and non-White Oregonians, it is **42%**. For many, homeownership rates have fallen between 2005 and 2016.³²

“Prior to the Great Recession, **35%** of subprime loans were issued to borrowers who qualified for prime loans, and Blacks and Latinos were **80%** and **70%** respectively more likely to receive subprime loans than white borrowers, after controlling for income, credit scores, and other factors. Furthermore, when facing foreclosure, Black and Latino mortgage holders were **76%** and **71%** more likely to have lost their homes than White borrowers.”³³

As is true nationally, homeownership rates in Oregon have fallen.³⁴ Homeownership for middle-income Oregonians, especially those who are first-time home buyers, is increasingly out of reach. Home purchase prices are rising faster than incomes; even the current historically low interest rates cannot keep monthly mortgage costs within the affordable range. Rising prices also mean higher down payments, especially challenging for those who are not also selling an existing home. And, in most of Oregon's urban markets, competition for a limited supply of homes for purchase is fierce; offers from all-cash buyers are on the rise and are attractive to sellers. OHCS's programs, which create pathways and provide financial support to home ownership, face the same challenges; limited resources do not stretch as far when down payments are higher.

Across the income spectrum, people of color in Oregon have lower homeownership rates than White Oregonians. Redlining — a practice initiated by the Federal Housing Agency (FHA) in 1934 and followed by the FHA and other public and private lenders until 1968 that denied access to home mortgage loans based in certain neighborhoods because of the race/ethnicity of the residents — resulted in households of color receiving just 2% of the FHA loans

Homeownership Rates, 2005 and 2016

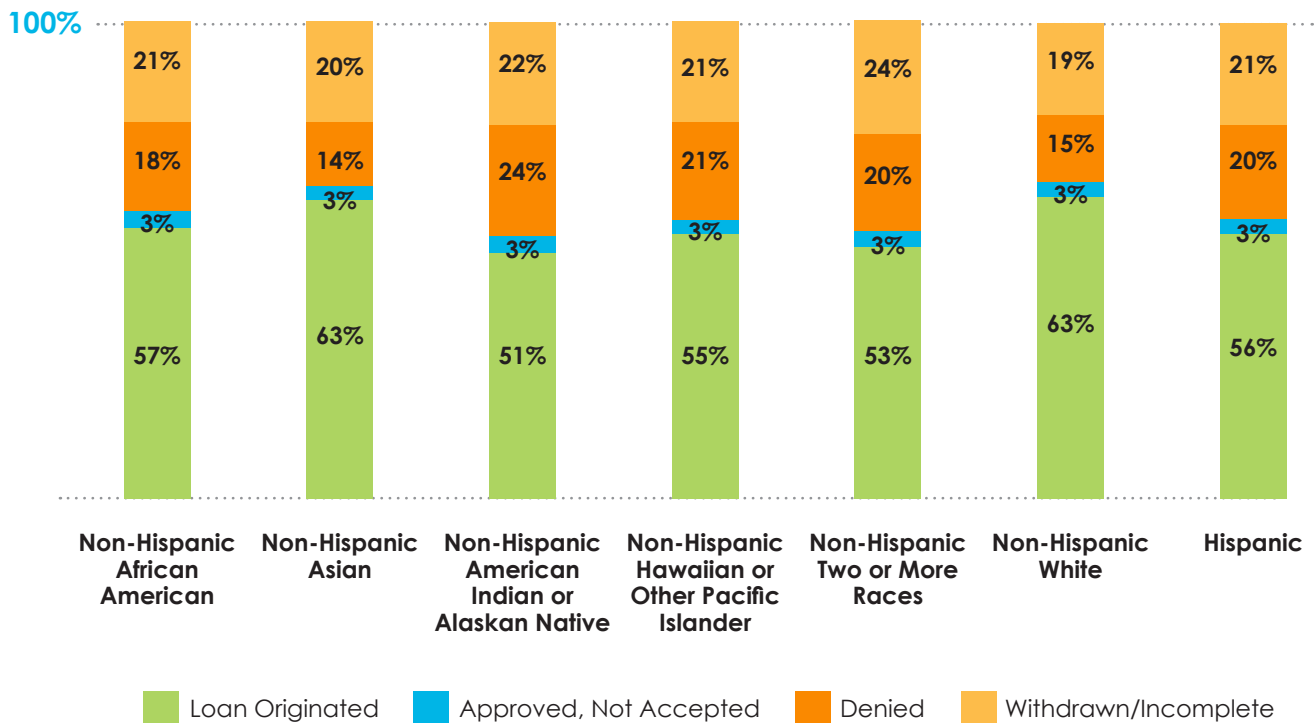


Source: OHCS analysis of 1-year ACS Estimates

made between 1934 and 1968. This, combined with other forms of discriminatory lending, has fueled the current disparity in homeownership we see today and has had a lasting impact on the neighborhoods where households of color live and the schools they attend.³⁵ These are ongoing concerns that continue to reverberate and compound. Families that were denied loans a generation ago did not build wealth to pass on to their children, who therefore lack down payments for their own homes today.

Discriminatory lending practices and disparate access to home financing persist today. Mortgage loan applications from nearly all non-White racial and ethnic groups are denied at rates that exceed those of White applicants.³⁶ Closing the homeownership and wealth gap will require reversing these trends.

Mortgage Loan Origination and Denial Rates, 2016



Source: ECONorthwest calculations; U.S. Consumer Financial Protection Bureau, Home Mortgage Disclosure Act. 2016



Implementation Strategies

- » Expand and explore innovative new programs that **address an unmet need in the marketplace for low- and moderate-income potential homebuyers** (e.g., down-payment assistance, manufactured home products and insured mortgages).
- » **Target homeownership and asset-building resources to affordable rental housing residents** to support households in moving along the continuum toward prosperity and self-sufficiency.
- » **Expand the reach of existing mortgage loan programs** through increased marketing and improved consistency of resources.
- » Engage with culturally specific and culturally responsive organizations to help **connect communities of color to OHCS homeownership programs** and ensure that program parameters are aligned with the needs of communities of color.
- » Expand and better coordinate programs that **support low- to moderate-income homeowners to stay in their homes** and keep their homes safe, energy efficient and healthy.
- » Support low-cost homeownership opportunities through **preservation and improvement of manufactured housing**.

2019 – 2023 GOAL FOR HOMEOWNERSHIP

OHCS will assist at least 6,500 households in becoming successful homeowners through mortgage lending products while sustaining efforts to help existing homeowners retain their homes.* OHCS will double the number of homeowners of color in our homeownership programs as part of a concerted effort to bridge the homeownership gap for communities of color while building pathways to prosperity.

* Serving 6,500 Oregonians through home mortgage lending is derived by estimating \$200 million of loans via the Oregon Bond Residential Loan Program and \$200 million of loans via the new Mortgage Backed Securities/TBA lending platform, utilizing historic average loan amounts and escalating them at 10% per year. Note that this growth is dependent in part on market forces outside of OHCS' control.

Baseline data for homeownership goal:
Total homeowners assisted:

Year	New Homeowners Assisted	Loan Volume (\$millions)
2014	382	\$59.6
2015	368	\$62.9
2016	332	\$60.3
2017	640	\$133.9
2018	1,130	\$254.3

Households of color: 571 households of color served with OHCS' Oregon Bond Residential Loan Program between 2014-2018.

Funding Opportunities and Challenges

The programs OHCS administers in support of homeownership totaled almost \$459 million in the 2017–19 biennium. Resources for homeownership programs have expanded over time, almost doubling between the 2013–15 and 2015–17 biennium.

Additional funding for the LIFT program will provide homeownership development opportunities for low- to moderate-income Oregonians. The Governor proposed \$160 million more for LIFT in her Housing Policy Agenda released August 30, 2018. OHCS intends to dedicate 20% of the funds to this area. Another strategy to increase homeownership is expansion of the IDA Initiative, which can help people save for a down payment (among other things).

The recent increase in the DRF presents an opportunity to extend our programs to more low- to moderate-income homebuyers and homeowners. While specific programs to be funded with the DRF are outlined in law, OHCS has discretion over the details of program implementation. This includes down payment assistance and funding for homeownership centers. Other legislative actions have allowed local jurisdictions to pass Construction Excise Taxes (CET) that, when applied to residential development, require the local government to provide a share of the receipts to OHCS to support homeownership programs. This new revenue source is modest relative to other funding sources, but it will be used to expand down payment assistance programs in the jurisdictions that enacted a CET. Another new tool is a First Time Homebuyer Savings Account, which the legislature approved in the 2018 session.

HEALTHY HOMES

Shannon James' daughter was allergic to mold, suffering from breathing and health issues and going from one scary incident to another — using an emergency inhaler with frequent trips to the doctor. That's when she reached out to Multnomah County Weatherization. The team installed a new roof, air sealed her home, and added a house fan.

Weeks after the weatherization work, Shannon told the Multnomah County Weatherization Inspector that her daughter no longer uses an inhaler, and that the weatherization work has significantly improved their living environment and quality of life.



OHCS's lending programs for homeownership are impacted by changes in housing markets and interest rates. These programs offer below-market interest mortgages to low- and moderate-income homebuyers, however there is a limit to how low a rate we can offer. When interest rates available in the marketplace are low, the potential savings for a homebuyer are limited. In times of high interest rates, our lending programs offer greater savings and can have greater impact. Home prices also impact the effectiveness of our programs to support low- and moderate-income homebuyers. Higher prices make assistance, such as below-market interest rate loans or closing cost assistance, more important but also increases the gap between what a low- and moderate-income household can afford, as well as the cost of a home.

Another challenge for our low-interest mortgage program is that it is subject to the same cap on Private Activity Bonds as several affordable multifamily finance programs, which is becoming more of a constraint as funding for affordable housing has increased in recent years. One possibility is to offer new mortgage programs, like those at other housing finance agencies that are not financed by bond sales and thus are not limited by the Private Activity Bond volume cap. This could significantly extend our reach in supporting homeownership opportunities for low- and moderate-income households. As OHCS fills an unmet need for

ACHIEVING HOMEOWNERSHIP

Ariana emigrated from Mexico 16 years ago to build a better future for her and her son — a professional nurse trying her luck for a chance to live the American Dream. When need to survive took over, her dream took a different shape. Ariana's career in nursing transformed into a new housekeeping business, Ariana's Janitorial Services. Dreams of providing a house for her three children became a partnership with Bend Habitat spanning two and a half years, including 500 sweat equity hours and over a dozen classes and workshops from the Habitat curriculum and through NeighborImpact. Ariana became prepared financially to run both her business and her future home. Financial education helped Ariana's gross household income climb from 36% of the Area



Median Income (AMI) for Deschutes County, at the start of the program, to almost 80% by the time of purchasing her affordable home. Through the Oregon Bond Residential Loan program, Ariana can afford her house monthly payments. Her house is located in a safer neighborhood, her older son is able to attend college, and her younger children have access to public spaces and great schools.

mortgage loans, it also has an opportunity in its homeownership programs to revolve funds in order to expand the total pool of available funds in future years. For example, if we were to offer deferred loans with no payments due until a home sells, it would still help to achieve homeownership policy goals but it could also create an ongoing stream of revenue back into the agency after the first wave of loans were repaid.

As the housing market has stabilized and foreclosure rates have dropped to normal levels, funding for foreclosure avoidance and mitigation (and related programs) has declined and will continue to decline as several funding programs end over the next several years. However, some families have not fully recovered from the recession and still struggle to remain in their homes. New funding sources may be needed to support homeowner stabilization and foreclosure prevention services over the coming five years.

Partner Roles

OHCS relies on its partners to connect Oregonians to homeownership resources, including homeownership centers that provide education and counseling for homebuyers and foreclosure counseling, nonprofit organizations that disburse down payment assistance programs, lenders and partners that administer the IDA program. These partners are crucial to achieving the goals for homeownership over the next five years.





PRIORITY

Rural Communities

Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock opportunities for housing development.

Why This Matters

Small towns and rural communities face housing and service provision challenges distinct from those in urban areas. While housing costs may be lower, incomes are lower as well: median family income is \$42,750 for rural counties versus \$54,420 for urban counties.³⁷ Furthermore, while housing costs are lower in rural areas than in urban areas, they are higher than in the rest of the rural United States. A recent analysis from Oregon's Office of Economic Analysis shows that while rural Oregonians have median household incomes similar to those of rural Americans overall, the median home values in rural Oregon are 30% higher than in the rural United States and median rents are 16% higher.³⁸



WHAT DO WE MEAN BY RURAL?

While “rural” is something people intuitively understand, defining it precisely and consistently can be challenging.

For the LIFT program, OHCS has used the following definition of rural areas: communities with a population of 15,000 or less outside of the Portland urban growth boundary in counties within metropolitan statistical areas (Benton, Clackamas, Columbia, Deschutes, Jackson, Lane, Marion, Multnomah, Polk, Washington and Yamhill Counties) and communities with a population of 40,000 or less in the balance of the state.

The data in this Plan and in the appendices that references conditions in rural counties only consist of counties that do not include any part of a metropolitan statistical area: Baker, Clatsop, Coos, Crook, Curry, Douglas, Gilliam, Grant, Harney, Hood River, Jefferson, Josephine, Klamath, Lake, Lincoln, Malheur, Morrow, Sherman, Tillamook, Umatilla, Union, Wallowa, Wasco and Wheeler.

The Oregon Department of Land Conservation and Development defines “rural” as all property outside of an urban growth boundary.

While the total number of households at extremely low incomes is lower than in more populous areas, some of the highest shares of households with incomes below 15% of their area's MFI are in rural counties, such as Klamath, Lake, Harney and Malheur counties in southeastern Oregon.³⁹ On a per capita basis, more people are experiencing homelessness in rural counties than in urban ones.

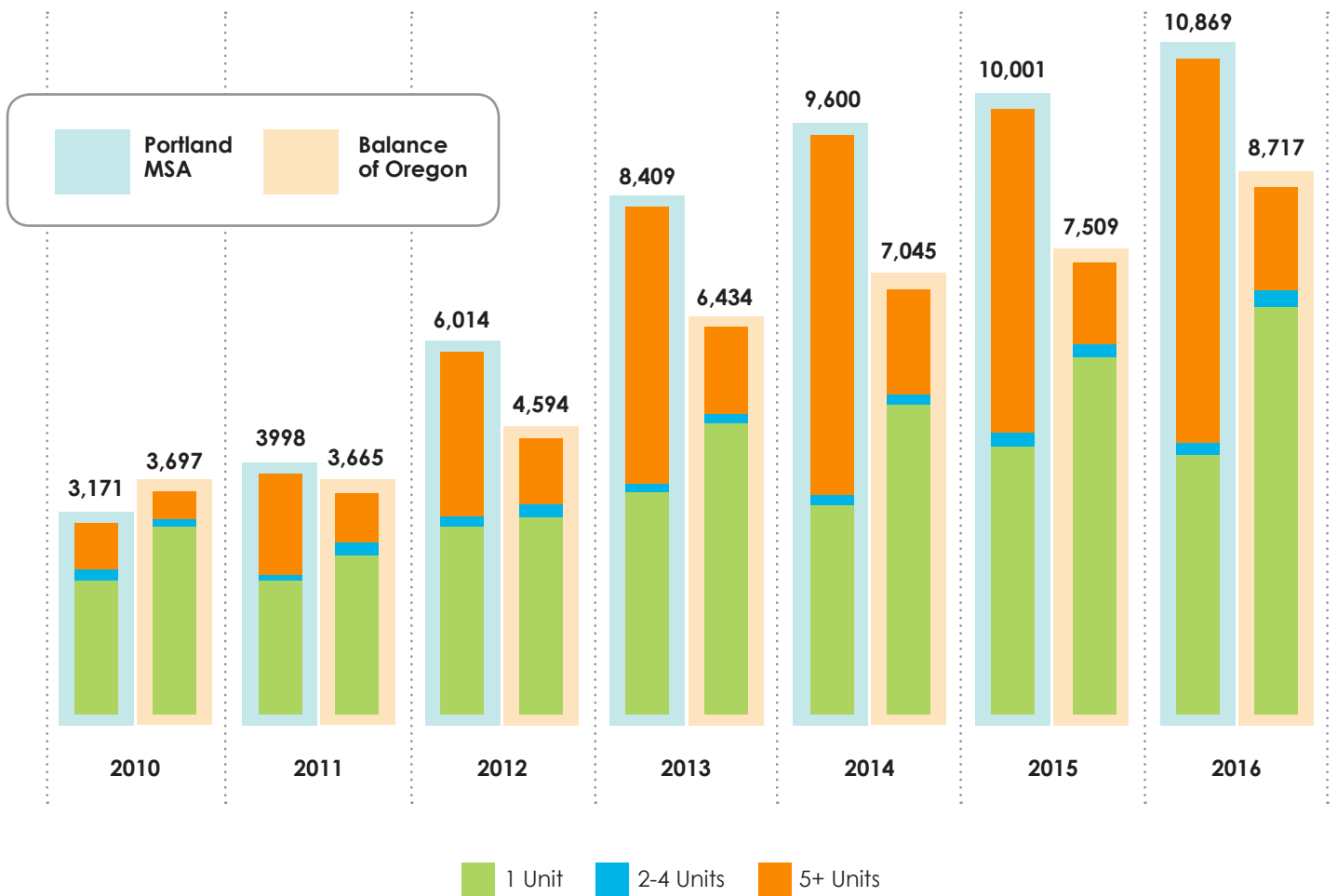
Transportation costs can also be significantly higher in rural areas. In Harney, Lake, Wheeler and Grant counties, for example, transportation costs account for 40% or more of the income of a typical household earning 80% of the county's median family income.⁴⁰ Travel time for people accessing services can be long, and service providers often cover a very large territory.

Household incomes and transportation costs are part of the affordability challenge in rural Oregon, but the issue is also one of housing supply and availability. Data on new building permits shows that new construction is finally picking up in Oregon; however, approximately 56% of new residential permits in 2016 were in the Portland metropolitan area and there are very few new permits for multifamily properties in rural counties.⁴¹ As we struggle with low rates of new construction for both market-rate and affordable housing, we also acknowledge that existing housing in rural communities may be leaving the rental or for-sale market due to disrepair, or in Oregon's many tourist areas, may be repurposed as short-term vacation rentals.

Building new housing in rural communities is a formidable challenge, for affordable housing as well as market-rate housing. Key issues include:

- » **Land availability and appropriate land use regulations:** Local governments in small towns may lack capacity to complete long-term housing plans, identify and adopt local policies to facilitate housing development, and update zoning to make land available for housing development without assistance from the state (DLCD), county, or regional government.
- » **High costs, low rents:** Construction materials prices change little with location, and labor costs may be higher in rural areas when construction workers must be brought in from other areas for major projects. While market rents and home sale prices are out of reach for many rural residents, these rents and

New Building Permits in the Portland Metro Compared to the Rest of the State, 2017



Source: OHCS analysis of U.S. Census Bureau, Building Permits Survey, 2017

home sale prices still are not high enough to cover a developer's costs of construction and operation. With construction costs the same or higher than in urban areas and lower rents and sales prices, it is hard for developers to get housing projects to "pencil out" in rural Oregon, even when land costs are low. In smaller towns that have booming tourism industries, the private market may be able to deliver housing aimed at high-income second-home buyers, but still produce little for lower income full-time residents.

- » **Financing:** Rural projects tend to be smaller sized to match the scale of small communities. This makes them even harder to finance. What's more, financing is not as readily available in smaller communities. While some cities and counties have found avenues to help finance affordable housing, most Oregon localities do not have financial tools to bridge the cost of development — and private capital is not as available as in larger cities.

The outreach work conducted as this Plan was developed emphasized that the needs of rural communities are structurally different and need to be addressed with a new way of doing business.

OREGON'S INDIVIDUAL DEVELOPMENT ACCOUNT: Supporting Self-Sufficiency & Small Business

Since 2015, the people of Warm Springs have another community member they can rely on for car maintenance: Trained mechanic Gordon Scott. With the help of his flatbed trailer and other repair equipment purchased through his Individual Development Account (IDA), Scott can tow vehicles back to the owner's house or to his property, where he charges competitive rates for his work. Gordon notes, "The people that I can help are so thankful that someone can come to their house and fix their car right there, as opposed to having it towed or having to take it to Madras. In the end, it saves them money and it puts a little more money in my pocket, so I'm happy with that." Gordon's business, tailored to the needs and resources of the Warm Springs community, came into being with the help of the Warm Springs Community Action Team, a local community development nonprofit; the local



community college; scholarship support from the Confederated Tribes of Warm Springs; and the Oregon IDA Initiative.

Gordon credits the IDA program staff with guiding him to a specific and achievable plan. Gordon also found the asset-specific education he received through the IDA program to be immediate and practical. He explains, "It was an eye opener looking up tribal versus state and federal law [and] what the taxes will be. Can I make money? . . . it broadened my view. I had written business plans before but had never actually followed through with one until I did the IDA."



Implementation Strategies

- » **Facilitate access to OHCS resources and information** by partners in Oregon's small towns and rural communities by building consistent and reliable working relationships with local service providers, development partners, city and county governments, and tribal communities.
- » **Support collaboration and cooperation among and between existing and potential partners** in small towns and rural communities to enhance capacity to advance projects and efforts that meet local housing and service needs.
- » **Evaluate, identify and remove systemic barriers to accessing OHCS resources** by tailoring programs intended to serve small towns and rural communities to the needs and context of those areas.
- » **Advance collaboration among state agencies** — in particular, Regional Solutions Cabinet agencies — to align and leverage funds to holistically address the needs of small towns and rural communities.
- » Emphasize programs to **maintain the quality of the existing housing stock** serving low-income households in small towns and rural communities, including manufactured housing, affordable rental housing and market-rate housing.
- » **Engage the agricultural worker community** to understand the housing and service needs of Oregon farmworkers and develop strategies to meet these needs.

2019 – 2023 GOAL FOR RURAL COMMUNITIES

OHCS will collaborate with small towns and rural communities to increase the overall supply of housing, including increasing OHCS-funded housing in rural areas by 75 percent. As a result of tailored services, partnerships among housing and service providers, private industry and local governments will flourish, leading to improved capacity and leveraging of resources.

Baseline data for Rural Communities Goal:
OHCS has funded 1,453 homes in rural areas (as defined for the LIFT program — see box on page 43) between 2014-2018, including affordable rental housing, workforce housing pilot projects, and affordable homeownership development.

Funding Opportunities and Challenges

The LIFT program specifically targets building units in rural areas, and the Governor's Housing Policy Agenda dated August 30, 2018, recommended \$160 million in new funding for the 2019-21 biennium. The Governor's Housing Policy Agenda also recommended creating a Greater Oregon Housing Accelerator funded with \$15 million in new funds. The Accelerator will build on the success of the Workforce Housing project, launched in 2017. This initiative will also make changes to the department's Housing Development Guarantee Fund to make it more viable for small projects in parts of the state where lenders have been less ready to take on risk.

Most of our housing stabilization programs allocate funding around the state based on a need-based formula. This means that there is little flexibility in how funds are distributed; however, the fact that these funds are distributed through a statewide network of geographically defined areas means that they are deployed in rural areas by agencies that represent rural communities and are attuned to the needs of those areas.



CASE STUDY:

Minnesota Housing Institute and Native Community Development Institute

The Housing Institute, a program of the nonprofit, member-based Minnesota Housing Partnership, provides capacity building to teams seeking to close the gap between the need for affordable housing and the supply in their rural communities. It is an in-depth, 18-month program that includes training, local team-building, peer-to-peer learning, in-person workshops and connections to funders and developers. Each community forms its own team, drawing from city government, regional governing bodies, nonprofit housing developers, housing authorities, service providers, private business and other local leaders. Staff customize

a course of study to the needs, projects and teams in each cohort. Topics include project financing, data acquisition, communication, community engagement strategies and policy updates. Besides fostering collaboration within each team, the program also connects teams to external funders and developers who can help make their projects a reality. The state housing agency reports receiving better, more competitive applications from communities that participate in the Institute.

Based on its success with the Housing Institute, the Minnesota Housing Partnership created the Native Community Development Institute for tribal teams.

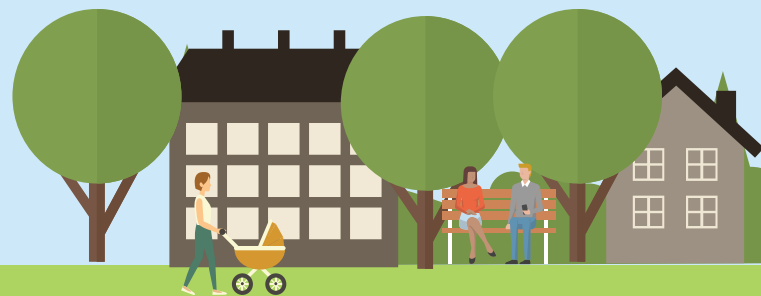
OHCS has also used our Qualified Allocation Plan (QAP), which governs the process and priorities (including regional allocations) for affordable housing funded by federal 9% LIHTCs to ensure that rural areas and smaller communities receive a fair share of this funding. We also have a new strategy with DRF multifamily funding to emphasize smaller projects, especially in rural areas.

In addition, OHCS has meaningful flexibility to fund capacity building in rural and small towns. The recent increase in the DRF provides a significant amount of additional funding for capacity building, which we intend to emphasize for rural areas. This training and technical assistance spans all of our service categories, from community and development capacity to homeless prevention and service provision. The Emergency Housing Assistance Discretionary funds can also be used for capacity building in rural Oregon.

REGIONAL SOLUTIONS TEAM WORKFORCE HOUSING PILOT PROGRAM

The Workforce Housing Initiative, led by the Governor's Regional Solutions Cabinet, was designed to form partnerships between local communities, the business sector and private developers to address the housing shortage for working families in Oregon. The Workforce Housing Initiative focuses on workforce housing for incomes between 60% and 120% of AMI, where there are few dedicated funding sources and the market is underproducing housing. The Regional Solutions Cabinet, which includes the directors of OHCS and several other statewide agencies, identified tools to support workforce housing through public-private partnerships,

including access to loans, grants and targeted technical assistance. Five state agencies pooled \$2.05 million in funding for pilot programs. Five projects in locations around the state were selected from among 31 applications. Each project addresses different barriers, but they share a focus on employer engagement, as well as the potential for scaling up and replication across the state. In total, they will provide approximately 115 Oregonians with housing opportunities that will allow them to live in or near the communities they are employed in.



Partner Roles

Local governments play a key role in supporting projects to build or preserve affordable housing, and in some instances, provide local resources to support these projects. Housing and service providers are the key parties in delivering new housing and services to rural communities. Other partners include employers and economic development organizations, as evidenced by the significant interest in Governor Brown's Workforce Housing initiative. Other state agencies fund projects and initiatives that may provide resources in rural Oregon that could contribute to the overall economic prosperity of people living there. For example, OHCS partnered with the Department of Land Conservation and Development to provide technical assistance and capacity building for local governments. Over the next five years we will continue to serve as a resource for state leaders who are working on strategies that will boost housing supply and streamline the development process, particularly in small towns and rural communities.

INTEGRATING HOUSING

OHCS is coordinating with other statewide efforts that connect to housing stability, helping to integrate and reinforce the importance of stable, healthy and affordable housing across a range of outcomes, such as health and education. Examples include work by the Early Learning Council on early childhood education, the State Health Improvement Plan and participation in the Governor's Children's Cabinet and Climate Cabinet, discussed below.

OHCS is a member of the Governor's Children's Cabinet, a multi-agency effort designed to support the development and implementation of the early childhood system plan through coordinated and accountable state agency actions. The Children's Cabinet is focused on improving outcomes in children's education, health, housing and welfare. OHCS is supporting this effort through our commitment to ending homelessness for children and expanding affordable housing for families.

Recognizing that climate change is a significant threat to Oregon's environment, economy and way of life, OHCS is participating in a Climate Cabinet established by the Governor's Office. The Cabinet is made up of leaders from state departments whose work can impact greenhouse gas emissions, private-sector leaders from the building and energy industry, and state policy leaders. OHCS supports the Cabinet's efforts to reduce carbon emissions through energy efficiency improvements to the state's affordable housing portfolio, as well as programs that improve energy efficiency and reduce energy burden for low- and moderate-income homeowners.



Priority Summary

Priority: Equity and Racial Justice

Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.

2019 – 2023 GOAL

Communities of color will experience increased access to OHCS resources and achieve greater parity in housing stability, self-sufficiency and homeownership. OHCS will collaborate with its partners and stakeholders to create a shared understanding of racial equity and to overcome systemic injustices faced by communities of color in housing discrimination, access to housing and economic prosperity.

IMPLEMENTATION STRATEGIES

- » Adopt an approach to advancing equity and racial justice, informed by national promising practices and lived experience of communities of color.
- » Establish and publish a numerical target for the Equity priority as a supplement to the Statewide Housing Plan by December 2019.
- » Create and maintain a system to analyze OHCS programs and practices and remove identified barriers to access and opportunity within OHCS programs to ensure equitable outcomes.
- » Improve OHCS's ability to track, analyze, and measure performance and progress towards equity goals through standardization of data collection and enhancing data analysis of program utilization.
- » Meaningfully engage culturally specific and culturally responsive organizations and their constituents to ensure OHCS policies, practices, systems of accountability and program awards are designed to advance equity and racial justice and meet the needs of communities of color.
- » Provide statewide leadership by using OHCS' Internal Diversity, Equity and Inclusion Committee to solicit and adopt a Diversity, Equity and Inclusion framework as a piece of the core value system of the agency and to serve as a model for the state.
- » Use OHCS programs as an avenue for asset building to increase economic opportunity and mobility and increase income and wealth for communities of color.
- » Fund housing and community services programs to build inclusive communities and prevent, mitigate or reverse the effects of gentrification and displacement.
- » Increase access to fair housing resources, education and enforcement to reduce the occurrence and impact of housing discrimination in Oregon.
- » Strengthen relationships with tribal leaders and leverage resources to address disparities in tribal housing issues.

Priority: Homelessness

Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.

2019 – 2023 GOAL

OHCS will drive toward impactful homelessness interventions by increasing the percentage of people who are able to retain permanent housing for at least six months after receiving homeless services to at least 85 percent. We will also collaborate with partners to end veterans' homelessness in Oregon and build a system in which every child has a safe and stable place to call home.

IMPLEMENTATION STRATEGIES

- » Harness convening power to focus and coordinate partners' and providers efforts toward addressing homelessness and best practices implementation and sharing.
- » Build capacity for OHCS and partners to implement proven models to prevent and end homelessness.
- » Enhance the state's and homeless service providers' data and research capability to understand and address homeless needs across Oregon, in order to establish outcomes for homeless service investments and continually evaluate effectiveness of the work.
- » Engage state agencies, federal and local funders to align and maximize available resources to end homelessness.
- » Coordinate funding, policy and action with veteran organizations, housing developers, service providers and other partners to implement effective strategies and promising practices to end veterans' homelessness statewide.
- » Lead partners on a concerted effort to prevent and end child homelessness with a holistic approach that supports both parents and children by aligning efforts with Homeless Student Liaisons, educators, child welfare and domestic violence service providers, other state agencies and family support programs.
- » Expand services to help Oregonians at risk of becoming homeless retain and access housing, including risk mitigation funds, landlord outreach and education, tenant education, and legal assistance for tenants.
- » Maximize opportunities to integrate asset-building and antipoverty programs and resources to support housing stabilization and economic security for individuals and families experiencing or at risk of homelessness.
- » Leverage OHCS' affordable housing development resources and programs to address homelessness by incentivizing new affordable rental housing to accept and prioritize formerly homeless individuals and families.

Priority: Permanent Supportive Housing

Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.

2019 – 2023 GOAL

OHCS will increase our commitment to permanent supportive housing by funding the creation of 1,000 or more additional permanent supportive housing units to improve the future long-term housing stability for vulnerable Oregonians.*

IMPLEMENTATION STRATEGIES

- » Expand the pool of resources for PSH by soliciting new funding and aligning funding for capital both with internal and external sources of funding for supportive services.
- » Explore development of a state-funded tenant and project-based rental assistance program.
- » Make housing development dollars from existing sources available for PSH by incorporating requirements or incentives into affordable housing funding opportunities.
- » Lead in identifying barriers to production and operation of PSH; provide education and technical assistance to support development and effective operation of homes.
- » Coordinate with the PSH strategies of partners in local government and continuums of care to make it easier to create PSH.
- » Support Oregon Health Authority and State of Oregon requests for policy changes and federal Medicaid waivers that create opportunities for funding tenancy support services tied to supportive housing.
- » Partner with providers of emergency health care, criminal justice, homeless and other crisis services to target interventions for the most frequent users of these services.
- » Encourage the use of the Homeless Management Information Systems to assist in client identification and placement in supportive housing.
- » Create opportunities for cross-system data sharing and identifying data sharing protocols and infrastructure to ensure the state can collaboratively measure outcomes.
- » Support implementation of the Statewide Supportive Housing Strategy Workgroup's recommendations to advance PSH. (See Appendix for recommendations.)

* The 1,000 unit goal includes developing new PSH units as well as converting existing units to PSH units by adding wraparound services, reducing rents to be affordable to those making less than 30% of the area median income, or both.

Priority: Affordable Rental Housing

Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.

2019 – 2023 GOAL

OHCS will triple the existing pipeline of affordable rental housing — up to 25,000 homes in the development pipeline by 2023. Residents of affordable rental housing funded by OHCS will have reduced cost burden and more opportunities for prosperity and self-sufficiency.

IMPLEMENTATION STRATEGIES

Close the Affordable Housing Gap

- » Make housing development resources available in a consistent, predictable format to help communities build a pipeline of housing supply aligned with local funders.
- » Expedite the delivery of affordable housing to Oregon communities with improved technology, streamlined processes and collaborative partnerships.
- » Build the capacity and expertise of partners and project sponsors to deliver housing in communities throughout the state through training and technical assistance about funding sources, application processes and ongoing compliance.
- » Work with other state and regional agencies to help communities identify and remove barriers to affordable housing development.
- » Educate and empower local leaders to support affordable housing development in their communities.
- » Align funding priorities for subpopulations and income or rent levels or other factors to address the priorities in this Plan; respond to the areas of greatest need and take advantage of opportunities for greater reach and leverage.
- » Identify and implement innovations in financing for the acquisition of land and preservation of affordable and low-cost, market-rate rental housing to provide a greater range of tools for affordable housing.

- » Pursue opportunities to make resources go further by recycling and increasing gap funding.
- » Create a preservation strategy to support previous housing investments to ensure the housing remains affordable and in good condition.
- » Preserve and create affordable, rental manufactured housing developments as a low-cost means to create and maintain affordable housing.
- » Align OHCS investments with local transportation and service investments.

Reduce Cost Burden

- » Take advantage of opportunities to provide affordable housing in transportation-efficient locations to reduce travel time and housing and transportation cost burden for residents of OHCS-funded properties, including transit-oriented development and areas near affordable transportation.
- » Employ new approaches for energy and weatherization funding to improve the energy-efficiency of OHCS-funded properties and reduce cost burdens for residents.
- » Link affordable housing residents with tools to build prosperity and economic self-sufficiency. Engage housing providers to incorporate effective resident services and align OHCS programs to best meet resident needs.

Priority: Homeownership

Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.

2019 – 2023 GOAL

OHCS will assist at least 6,500 households in becoming successful homeowners through mortgage lending products while sustaining efforts to help existing homeowners retain their homes.* OHCS will double the number of homeowners of color in our homeownership programs as part of a concerted effort to bridge the homeownership gap for communities of color while building pathways to prosperity.

IMPLEMENTATION STRATEGIES

- » Expand and explore innovative new programs that address an unmet need in the marketplace for low- and moderate-income potential homebuyers (e.g., down-payment assistance, manufactured home products and insured mortgages).
- » Target homeownership and asset-building resources to affordable rental housing residents to support households in moving along the continuum toward prosperity and self-sufficiency.
- » Expand the reach of existing mortgage loan programs through increased marketing and improved consistency of resources.
- » Engage with culturally specific and culturally responsive organizations to help connect communities of color to OHCS homeownership programs and ensure that program parameters are aligned with the needs of communities of color.
- » Expand and better coordinate programs that support low- to moderate-income homeowners to stay in their homes and keep their homes safe, energy efficient and healthy.
- » Support low-cost homeownership opportunities through preservation and improvement of manufactured housing.

* Serving 6,500 Oregonians through home mortgage lending is derived by estimating \$200 million of loans via the Oregon Bond Residential Loan Program and \$200 million of loans via the new Mortgage Backed Securities/TBA lending platform, utilizing historic average loan amounts and escalating them at 10% per year. Note that this growth is dependent in part on market forces outside of OHCS' control.

Priority: Rural Communities

Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.

2019 – 2023 GOAL

OHCS will collaborate with small towns and rural communities to increase the overall supply of housing, including increasing OHCS-funded housing in rural areas by 75 percent. As a result of tailored services, partnerships among housing and service providers, private industry and local governments will flourish, leading to improved capacity and leveraging of resources.

IMPLEMENTATION STRATEGIES

- » Facilitate access to OHCS resources and information by partners in Oregon's small towns and rural communities by building consistent and reliable working relationships with local service providers, development partners, city and county governments, and tribal communities.
- » Support collaboration and cooperation among and between existing and potential partners in small towns and rural communities to enhance capacity to advance projects and efforts that meet local housing and service needs.
- » Evaluate, identify and remove systemic barriers to accessing OHCS resources by tailoring programs intended to serve small towns and rural communities to the needs and context of those areas.
- » Advance collaboration among state agencies — in particular, Regional Solutions Cabinet agencies — to align and leverage funds to holistically address the needs of small towns and rural communities.
- » Emphasize programs to maintain the quality of the existing housing stock serving low-income households in small towns and rural communities, including manufactured housing, affordable rental housing and market-rate housing.
- » Engage the agricultural worker community to understand the housing and service needs of Oregon farmworkers and develop strategies to meet these needs.

3 IMPLEMENTATION

Next Steps

The publication of the Statewide Housing Plan represents a major milestone for OHCS. Over the next few months, we will be conducting follow-up planning work to operationalize each of the strategies identified in the Plan. The project team and strategy owners will ensure each strategy is refined into actionable items to achieve the intended result. Each action item will have incremental targets, process milestones and outcome measures to report on our success. We will regularly report on our progress to the Housing Stability Council, partners and the public to ensure accountability and transparency in implementing this Plan.

Annually, we will update the next year's work plan to ensure we are on track to succeed. We will continuously engage the recipients of our services, our service providers, partners, council and other stakeholders to confirm we are achieving the right results. We will continue to seek additional opportunities to leverage resources or increase funding, so these goals can come to full fruition.

The five-year goals are ambitious and will require work beyond our agency. We are relying on Oregonians from all four corners of the state, including partners, developers and local communities, to join us in this work. This Plan's ultimate success will require hard work, dedication and significant resources. It will also require increased partnerships, a shared vision and sustainable funding. However, the Plan can be achieved and Oregonians will be better off because of its success.

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4 ENDNOTES

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5 APPENDICES

- Definitions
- Housing Needs Assessment
- Funding Analysis Summary
- Promising Practices
- Statewide Supportive Housing Strategy Workgroup Draft Recommendations

**The full Statewide Housing Plan, appendices, and baseline data for each priority goal
are available on the OHCS website at:**

<https://www.oregon.gov/ohcs/pages/oshp.aspx>

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