

Government-to-Government Report

December 2020

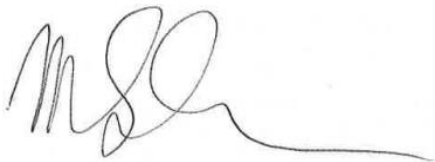
Summary

In accordance with Senate Bill 770 (SB) and Oregon Revised Statutes (ORS) 182.162 to 182.168, Oregon Housing and Community Services is submitting the following report to the Governor and the Legislative Commission on Indian Services.

This report includes an overview of the department, an update since the last Government to Government Report was prepared, a description of key agency services, and 2021 priorities for improved engagement of Tribal communities and partnership with Tribal governments.

I look forward to engaging with the Legislative Commission on Indian Services, and Tribal Leadership in 2021, and welcome your thoughts throughout the year.

Sincerely,



Margaret S. Salazar, Executive Director

Oregon Housing and Community Services

The mission of Oregon Housing and Community Services (OHCS) is to provide stable and affordable housing and engage leaders to develop integrated statewide policy that addresses poverty and provides opportunities for Oregonians.

OHCS is Oregon's housing finance agency, providing financial and program support, creating and preserving opportunities for quality, affordable housing for Oregonians of lower and moderate income. OHCS administers federal and state antipoverty, homelessness, energy assistance, and community service programs. OHCS also assists in the financing of single-family homes, the new construction or rehabilitation of multifamily affordable housing developments, as well as grants and tax credits to promote affordable housing.

OHCS delivers these programs primarily through grants, contracts and loan agreements with local partners and community-based providers and has limited direct contact with low-income families and individuals that benefit from our programs. OHCS administers resources for the development and reservation of multifamily housing through an annual Notice of Funding Availability (NOFA).

Oregon Administrative Rules Chapter 813, Division 230 and Oregon Revised Statutes 458.505 stipulates that anti-poverty funds, administered by OHCS, shall be distributed to established Community Action Agencies across the state. These funds include rental assistance, homeless, low-income energy assistance, weatherization, Community Services Block Grant and other funding as it becomes available to OHCS.



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OHCS's sources of funds are varied and include federal and state resources which have complex regulatory compliance requirements. Therefore stewardship, compliance monitoring, and asset management are all critical functions played by OHCS staff.

OHCS is governed by the Oregon Housing Stability Council. Established in 1971 by the Oregon Legislature, the Housing Council is charged with meeting the tremendous need for the provision of affordable housing for lower income Oregonians. The Council consists of nine members appointed by the Governor, subject to confirmation by the Senate.

Pursuant to ORS 456.555 (5)(a)(b)(c), the Housing Stability Council, with the advice of the Director, sets policy and approves or disapproves rules and standards for programs, and approves or disapproves loans and grants, and carries out the provisions of ORS456.561 and ORS 456.571.

Housing Stability Councilors:

- Chair Claire Hall, Lincoln County Commissioner
- Sarah DeVries, National Affordable Housing Professional
- Sami Jo Difuntorum, Siletz Tribal Housing Executive Director
- Barb Higinbothum, Community in Action Executive Director
- Mary Ferrell, Maslow Project Executive Director
- Candace Jamison, Marion Co. Housing Authority Executive Director
- Mary Li, Multnomah Idea Lab Director
- Gerardo Sandoval, PhD University of Oregon Associate Professor
- Charles Wilhoite, Willamette Management Associates, Managing Director



Statewide Housing Plan Implementation

In February 2019, the Housing Stability Council adopted the Statewide Housing Plan. The Statewide Housing Plan is a 5-year strategic plan for the agency, with 6 key priorities:

Equity and Racial Justice Priority - 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.

Homelessness Priority – 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.

Permanent Supportive Housing Priority - Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.

Affordable Rental Housing Priority – Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.

Rural Priority – 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.

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



2020 Statewide Housing Plan Updates:

OHCS is continuing to implement priorities to advance Equity & Racial Justice with intention and recognizes communities of color have been historically excluded from decision-making and policy and program development. OHCS is examining how the agency is serving these communities and developing an agency structure to supports ongoing learning and evaluation.

In August 2020, OHCS began standing up a newly formed Equity Committee structure to solidify the agency's direction and approach in Equity and Racial Justice work. The new Equity Committee structure will help center Equity & Racial Justice across the agency, support agency transformation and help focus on both internal capacity and skill building and implementing this work within community. The Equity Committee Structure includes: *Equity Council*, *Equity Lab*, *Data Equity Workgroup (DEW)*, *Diversity and Inclusion Best Practices*, and *Professional Equity, Growth and Empowerment (PEGE)*. Each group has a very specific scope of work and charter to help guide important decision-making.

Specifically, the *Equity Lab* will recommend best practices for programs and policies that promote equity, racial justice, diversity, and inclusion across OHCS. The *Diversity & Inclusion Best Practices Committee* will ensure the creation and support of an organizational culture promotes diversity and fosters inclusion. The *Professional Equity, Growth and Empowerment Committee* will focus on both internal capacity building and skill building around Equity and Racial Justice work. The *Data Equity Workgroup* will support advancing Equity and Racial Justice by exploring the implicit biases in existing internal and external data collection methods, evaluate and explain the impact of implicit bias on the work of



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agency, and to take steps for the agency to address and remediate identified issues. The *Equity Council*, which is made up of the Executive Team and the co-chairs of each committee, will lead, guide, support or direct the equity, racial justice, diversity and inclusion work of OHCS and will have full sight on the work of each committee.

The 2019 Legislative Session provided funding to implement the Permanent Supportive Housing priority, with \$50 million for capital construction and \$4.5 million to develop a rental assistance program to support the chronically homeless households occupying these developments. Tenancy support services were also earmarked for these developments through resource allocations provided by Oregon Health Authority. The intent of these resources is to provide development capital and/or rent assistance and supportive services funding to 500 households. To launch the effort in 2019, OHCS established the Permanent Supportive Housing Institute. Ten project teams participated in this training cohort and in early 2020 eight were awarded funds to begin work on project capital development, including the Warm Springs Housing Authority team.

The second Permanent Supportive Housing Institute is currently underway, and the second round of funding is expected to open in early 2021. OHCS is also adding all of the Federal Housing Trust Fund allocation to this second round of PSH funding to bolster capital resources and produce more PSH units. Additionally, OHCS has made Permanent Supportive Housing a preference in the LIHTC Qualified Allocation Plan and will make Permanent Supportive Housing services and project-based rental assistance available through other fund offerings throughout the year.

OHCS is steadily working to achieve the 5-year goal of 25,000 new homes under development. Currently, OHCS has 13,482 units that have



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completed construction or are in the development process. In 2019, the Tribal Set-Aside was included as a region in the 9% LIHTC offering, and it led to the funding of a project in Warm Springs. In addition, other funding offerings intentionally prioritized projects that focused on BIPOC communities and culturally specific organizations emphasizing work with indigenous populations and tribal communities. Other key implementation actions in support of increasing housing supply include updating the Oregon Affordable Housing Tax Credit program to expand eligibility, restructuring the requirements for utilizing Private Activity Bonds, launching a new strategy to increase utilization of MWESB certified contractors including Native American and Tribal builders, updating statute and rules to better utilize the Loan Guarantee program, implementing a new data system, and working to improve capacity in rural communities.

OHCS made a strong push in 2020 to more intentionally target resources across all programs towards rural areas. This resulted in creating a separate "Balance Urban" category that separated the more metropolitan areas from the truly rural towns and cities. With the LIFT Rental program, half of the resources were set-aside for rural areas and projects in rural areas were scored with different criteria than urban projects. For the first time, OHCS received more LIFT Rental applications for projects in rural areas than in urban areas and was able to award seven projects comprising 776 units.

OHCS targeting a portion of the Affordable Rental Housing capacity funds toward creating organization capacity to respond to COVID-19, in the form of funding technological upgrades to sustain work and operations in light of social distancing needs.



2020 Legislative Highlights

In February 2020, parts of Umatilla County experienced a flooding event that disproportionately impacted manufactured housing residents. In response, the Emergency Board of the Oregon State Legislature approved funding from the Emergency Fund so that OHCS could support both short-term disaster relief and long-term housing recovery in the region. Working with community and state partners through the Umatilla Housing Disaster Task Force, OHCS approved a request for \$1 million in emergency funds to support the replacement of manufactured homes at the Lucky 7 manufactured home park owned by the Confederated Tribes of the Umatilla Indian Reservation. Rehabilitation of the Lucky 7 is underway and the 18 new, energy-efficient manufactured homes will provide much-needed safe and affordable housing in the community.

Legislative Response to COVID-19

Oregon's leaders responded swiftly to the COVID-19 crisis. The Joint Committee on Coronavirus Response met four times to identify actions in support of economic relief and household stability for low-income workers and small businesses at risk of being significantly impacted by the COVID-19 pandemic. The committee was charged with producing budget and policy recommendations for legislative action. The committee considered over 40 concepts and made recommendations in support of the need for rental and mortgage assistance, among other supports for Oregonians.

The Oregon Legislature's Joint Emergency Board met multiple times throughout the year to address the crisis. In the spring, the E-Board allocated \$95 million to OHCS for the CARES Act, specifically Oregon's Coronavirus Relief Funds to create/expand three programs:



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- Rental Assistance –The April Emergency Board established the COVID Rent Relief Program and allocated \$55 million in rental assistance to be provided through Community Action Agencies.
- Energy Assistance – \$15 million in utility assistance to be provided through Community Action Agencies. While many utilities have temporary, voluntary shutoff moratoriums in place, many Oregonians are behind on utility bills and in need of assistance.
- Affordable Housing Provider Stability – \$20 million to provide operating loans to affordable housing providers. Without these resources, there is a risk that publicly supported housing will not be able to meet operating resource needs, which could lead to increase deferred maintenance, default, and potentially foreclosure.

During the second Special Session, held in August 2020 OHCS was allocated new investments for existing programs and reductions to some programs:

*\$50 million for the Local Innovation Fast Track (LIFT) Housing Program was passed in SB 5721. LIFT is funded by General Obligation Bonds that are not constrained by the current revenue shortfalls.

*\$6 million for the Affordable Rental Housing COVID-19 Response Fund, initially seeded with \$20 million of federal Coronavirus Relief Funds. These are operational loans to affordable housing providers that will be forgiven if management forgives tenant rent arrearages (funds are from cuts to other programs). The investments are included in SB 5723 (budget report) and HB 4304.

*\$2 million for Individual Development Accounts (IDAs) in SB 5723. The IDA Initiative has struggled with federal tax code changes that have made



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the tax credit more difficult to market and sell. This investment helps to fill the hole created by lower sales.

*OHCS received \$12 million of General Funds in the April Emergency Board for safe sheltering and rental assistance. The investment is now Coronavirus Relief Funds, this change was passed in SB 5723. All other program details remain the same.

*OHCS reached an agreement with Community Action Agencies to designate \$42 million of an additional CARES Act Emergency Solutions Grant Coronavirus (2) funds to be allocated through a competitive process to culturally specific organizations.

*Oregon Health Authority's rental assistance funds for Permanent Supportive Housing (PSH) are reduced as development delays and other resources have decreased need for these resources in this fiscal year. This reduction in SB 5723 (budget report) will not have an impact to the PSH Program.

*OHCS was authorized to use \$3 million allocated for affordable housing for those impacted by the Umatilla County flood, and \$1.5 million allocated for rental assistance for flood victims can now be used to develop affordable housing for those impacted by the flood (allocated during a March Emergency Board meeting). HB 4304 includes these authorizations.

*OHCS received increased expenditure limitations to reflect increased federal investments from the CARES Act in SB 5723.

Reductions

*The Greater Oregon Housing Accelerator, established with \$5 million during the 2019 session, was repealed and the funds have been



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reinvested into housing programs. SB 5723 included this repeal and subsequent reallocation.

*TANF Housing Pilot established by HB 2032 (2019) was repealed and the \$10.5 million investment was reinvested with the Department of Human Services to avoid program cuts. This was included in SB 5723.

*\$3 million allocated from HB 2896 (2019) for developing a new manufactured home park was removed (reallocated to the Affordable Rental Housing COVID-19 Response Fund). HB 4304 outlined this reduction.

*The Wildlife Damage Relief Fund was repealed, and funds reverted to the General Fund. This program provides funds to low-income households that have lost their homes due to wildfire. The program will sunset in May 2021.

Legislative leaders gathered remotely twice in October to consider additional wildfire and COVID investments.

OHCS received \$10 million for Safe Sheltering, called the *Out of the Cold Initiative* to provide additional resources to CAAs. The funding is statewide, allocated through a formula that emphasizes the impact from the wildfires, rates of homelessness and racial equity factors. These funds will address the increased cost associated with shelter in the age of COVID. CAAs are expected to collaborate with culturally specific organizations. In fire impacted areas, the CAAs are required to work in coordination with county emergency command centers pursuant to disaster recovery plans.



Key Program Highlights

Oregon Housing and Community Services works closely with a large and diverse network of partners to provide critical program services throughout Oregon and tribal nations. This includes tribal, federal, regional and local governments, housing authorities, community development corporations, Continuums of Care, Community Action Agencies, and many more.

Low Income Housing Tax Credit Program

The Low Income Housing Tax Credit (LIHTC) Program provides federal income tax credits to developers who construct, rehabilitate, or acquire and rehabilitate qualified low-income rental housing. These development projects encompass multifamily rental housing units. Eligible applicants include both for-profit and nonprofit sponsors. These credits are issued through a competitive Notice of Funds Availability (NOFA) application process at the beginning of each calendar year.

The LIHTC program requires each state housing finance agency to have a Qualified Allocation Plan (QAP) to establish the eligibility criteria and scoring process for awarding 4% and 9% federal tax credits to housing properties. In 2019, OHCS initiated outreach to update Oregon's QAP in support of Statewide Housing Plan Priorities. In March 2019, OHCS distributed a survey to all stakeholders and partners including Oregon's 9 Tribally Designated Housing Entities (TDHE's) to gather feedback about key considerations for Oregon's QAP. Several states have a "tribal set-aside" of credits and adopting this approach in Oregon was met with broad support. The QAP was adopted by Housing Stability Council in October 2020. In 2021 the QAP will be updated to allow for a funding



preference for those areas of the state impacted by the Federally Declared Disaster.

Under the QAP, tribes have access to a 10% Tribal Lands Set-Aside. This means 10% of the total federal 9% LIHTC allocation for Oregon is prioritized for projects sponsored by tribal governments, tribally designated housing entities or tribal corporate entities on tribal trust land.

In the 2020 funding round, Warm Springs applied for a project which was then funded under this set-aside of development resources and is in the process of developing 18 units of affordable workforce housing to improve the overall housing stock available in Warm Springs.

Homeownership Centers & Down Payment Assistance

Using OHCS homeownership programs for dwellings on sovereign land presents challenges and regulatory restrictions. The agency continues to work with tribes, financial partners, and service providers to overcome barriers to homeownership lending on tribal lands as well as other locations. Homeownership Centers throughout Oregon provide services to American Indian/Alaska Natives both on and off tribal lands. Between January 2020-September 2020, the following number of American Indian/Alaska Native clients were assisted through Homeownership Centers: 72 clients received home buyer education and counseling; 3 clients purchased homes; and 6 new homeowners purchased homes utilizing the Oregon Bond Residential Loan program. OHCS added Section 184 Loans in late 2018 but private lenders have not funded any of those loans to date.

HB 2896 (2019) established the Manufactured Housing Advisory Committee to advise OHCS and other state agencies about issues and



opportunities related to manufactured housing and manufactured home parks. Housing Stability Council member and Executive Director of Siletz Tribal Housing Department, Sami Jo Difuntorum, has been appointed to this Advisory Committee.

Low-Income Energy Bill Payment Assistance

OHCS administers funds from the U.S. Department of Health and Human Services (HHS) through the Low-Income Home Energy Assistance Program (LIHEAP) to help low-income households pay energy bills. These funds also provide energy education, energy conservation activities, and outreach support designed to assure that eligible households are made aware of the assistance available.

The Klamath Tribes, Cow Creek Band of Umpqua Tribe of Indians, Confederated Tribes of Grand Ronde, Confederated Tribes of Warm Springs, Confederated Tribes of Siletz, and the Confederated Tribes of Coos, Lower Umpqua, and Siuslaw Indians have administered LIHEAP programs for many years. Each tribe applies for direct funding through HHS to administer the LIHEAP funds and bill assistance for tribal members.

This federal program requires each state to have agreements in place with Tribes to support the federal allocation. It was OHCS intent to work with each of the six identified Tribes during calendar year 2020 to develop a collective understanding of the data that informs allocation amounts and to work towards finalizing a new agreement consistent with federal regulations. OHCS did not make measurable progress in this area during 2020 for a variety of reasons including the onset of the COVID-19 pandemic. OHCS will recommit to this effort in calendar 2021 and work towards an agreeable path forward with each of the six Tribes receiving LIHEAP funding directly from HHS.



OHCS staff did advocate to HHS on behalf of each of the six Tribes to receive a proportionate award related to the supplemental LIHEAP CARES funding release. Congress appropriated these funds under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136), which the President signed into law on March 27, 2020. The original award information from HHS did not include separate direct awards to each of Oregon's six LIHEAP recipient Tribes. After working closely with each of the Tribes and HHS, OHCS was successful in advocating for a change in the allocation formula to support direct proportionate awards to each Tribe.

During 2020, OHCS staff continued to provide program and data management support as well as technical assistance to tribal staff. Specifically, OHCS provides, at no cost, access to proprietary OPUS software for both the Klamath Tribes and the Cow Creek Band of Umpqua Tribe of Indians. The OPUS software functions to create and track energy assistance payments for clients, manage the payment process, manage client level data, and to generate various program management reports. OHCS continues to commit staffing resources to provide technical assistance and general OPUS software support to tribal staff throughout the year.

SB 770 Tribal Cluster Participation

Tribal Liaison Staff Engagement with Tribes

Ambitious plans for tribal engagement were unfortunately scaled back in 2019 due to COVID-19. In addition, changes in staff at the Legislative Commission for Indian Affairs impacted plans for a Tribal Housing Summit. During 2020 OHCS tribal liaison attended meetings of the Legislative



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Commission on Indian Services (LCIS). OHCS staff attended meetings held by the Economic and Community Services Cluster, and meetings held by the Health and Human Services Cluster. For each Cluster meeting there is substantial planning involved with the interagency teams.

The Clusters are helpful networks for learning about tribal priorities and initiatives, as well as distributing information and getting feedback about OHCS funding opportunities. In particular, during 2020 information was distributed about legislative allocations related to COVID-19, along with key initiatives and funding opportunities to implement the Statewide Housing Plan such as Permanent Supportive Housing.

Tribally Designated Housing Entities (TDHE's) do not attend Cluster meetings, but OHCS staff provides regular communication to TDHE's, and other tribal staff. In addition, OHCS is a supporter of the Northwest Indian Housing Association (NWIHA) and attends regular meetings to understand tribal housing issues and opportunities.

During 2020, OHCS tribal liaison responded to the request for information from the Task Force on Oregon Tribal Cultural Items, for detailed information about requirements for development partners to work with the State Historic Preservation Office.

Other activities include OHCS Tribal Liaison completing the PSU Institute for Tribal Government Certificate program in July 2020

Tribal Engagement Goals for 2021

OHCS is currently hiring an Equity Integrator staff position to provide additional capacity for tribal engagement. The highest priority for 2021 is to develop a Tribal Consultation Policy for the agency. OHCS Tribal Liaison



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will initiate this critical process to set a lasting foundation for successful Government to Government relations going forward.

There are a number of opportunities through the LCIS Cluster meetings to address priorities of mutual interest with the 9 Tribes including homeless foster youth, supportive housing for people with mental and behavioral health issues, housing for tribal members as they leave the prison system, veterans housing, and workforce housing. However, it can be difficult to explore projects without Tribally Designated Housing Entities (TDHE's) at the Cluster meetings. If there is interest with LCIS Leadership to resume planning for a Tribal Housing Summit, and to include TDHE's, OHCS staff will assist to achieve this goal. There is a need for outreach and education specifically related to the Low Income Housing Tax Credit (LIHTC) program and the tribal set-aside. This will include engaging with each tribe to understand what technical assistance or capacity would be helpful to achieve tribal housing goals.

In 2018, the Oregon Legislature passed HB 4010, establishing the Task Force on Addressing Racial Disparities in Home Ownership. The Task Force was charged with identifying the barriers to homeownership that people of color face in Oregon; developing recommended solutions, including legislation, to modify practices or procedures for mortgage loan applications and approvals to eliminate any impermissible discrimination or barriers; and developing solutions to improve other conditions that reduce or prevent homeownership among people of color in this state. OHCS staff participated by providing technical information and data to the Task Force. In September 2019, the Task Force published 13 preliminary recommendations including:



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Convene a work group with Oregon's nine federally recognized Tribes to identify homeownership needs and develop recommendations for state programs and investments to increase homeownership rates for tribal members.

Due to the pandemic, OHCS was not able to convene a work group this year but is interested in pursuing this concept in 2021.

To improve Government to Government relationships, OHCS must increase awareness of the federal trust responsibility, and Oregon's role in advancing this responsibility. Particularly with Federal programs such as LIHEAP, and Emergency Solutions Grant (ESG). OHCS will work towards an agreeable path forward with each of the six Tribes with the intention of identifying direct funding linkages within LIHEAP, which is funded through US Health and Human Services. In addition, OHCS will work with US Housing and Urban Development to understand limitations and recommend opportunities where Tribes are direct recipients of Emergency Solutions Grants (ESG) in particular to support tribal needs during a crisis. This endeavor could result in increasing tribal services to those experiencing or at risk of homelessness. OHCS Tribal Liaison will assist program staff as needed to understand barriers with allocating resources to tribes.

