

**Affordable Housing/Permanent Supportive Housing  
Request for Proposals (RFP)****Affordable Housing/Permanent Supportive Housing Definitions****Bridges to Housing (B2H) Funds**

This program was modeled on Seattle's Sound Families Initiative, to prevent and end family homelessness. The *Bridges to Housing Program* design focuses on those families with the most serious housing and service needs and would place them into permanent housing with a rich menu of services for both parents and children to increase family stability. The goal of *Bridges to Housing* is to leverage public funding with significant foundation support so that we can develop 600 additional units of family housing in the four-county Portland metropolitan area and serve 2,400 families over 10 years. (source: [http://www.pdc.us/pdf/public-participation/pdc-psu-ura-class\\_materials/consolidated-hsg-briefing.pdf](http://www.pdc.us/pdf/public-participation/pdc-psu-ura-class_materials/consolidated-hsg-briefing.pdf))

**Chronically Homeless Person**

An unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more *OR* has had at least four episodes of homelessness in the past three years.

**Disabling Condition**

A diagnosable substance use disorder, serious mental illness, developmental disability, or chronic physical illness or disability including the co-occurrence of two or more of these conditions. A disabling condition limits individual's ability to work or perform one or more activities of daily living.

**High Resource Using Families**

High resource usage is based on any family member's involvement with resources related to substance abuse, mental health, foster care, corrections, physical cognitive health, domestic violence, housing/homeless system and other mainstream resources (e.g. TANF, DHS, OHP, etc.)

**Homeless and special needs**

Homeless individuals who, but for the federal definition of chronically homeless, would benefit from a PSH unit. Examples could include someone with special needs who is discharged from jail and has no permanent residence, someone who was homeless for 9 months and has a disabling condition, someone who may have stayed in transitional housing, but had 5 or more years of homelessness prior to that stay. These are only examples. Appropriate service populations for PSH will be assessed based on overall description in proposal.

**HOPWA Funding**

Housing or facilities developed to be used by person living with HIV/AIDS. Proposals must assume and require that tenants of units assisted by HOPWA funds pay rents that conform to the HOPWA rent standard for the duration of the minimum use period. The HOPWA Rent Standard requires that tenant contributions to rent and utilities in the HOPWA funded units shall be the greater of:

- 1) 30% of household adjusted monthly income.
- 2) 10% of the household's monthly gross income; or

- 3) If the household is receiving payments for welfare assistance from a public agency and a part of the payments, adjusted in accordance with the household's actual housing costs, the portion of the payments that is designated.

Units must be restricted to occupancy by individuals or families with annual household incomes at or below 50% of the median family income (MFI).

The housing units assisted with these funds must remain affordable and for use by people living with HIV/AIDS for a period of sixty (60) years, secured by a restrictive covenant entered into at the time of commitment of HOPWA assistance.

Proposals must include a plan for the delivery of appropriate supportive services to residents of the HOPWA funded units. Appropriate supportive services include, but are not limited to, providing access to: health, mental health, assessment, eviction prevention, housing rental payment assistance, housing crisis intervention, drug and alcohol abuse treatment and counseling, daycare personal assistance, nutritional services, intensive care when required, and assistance to gaining access to local, state and federal government benefits and services, except that health services may only be provided to individuals with AIDS/HIV or related diseases and not to family members of these individuals.

(Source: <http://www.pdc.us/pdf/rfps/2006/05-42-appendix-g.pdf>)

## **Lead Grants**

In October 2006, the U.S. Department of Housing and Urban Development (HUD) awarded a \$3 million grant to the Portland Regional Lead Hazard Control Program (PRLHCP), a consortium of Multnomah, Clackamas, Washington and Clark (Washington State) counties and the cities of Beaverton, Gresham and Portland.

PRLHCP provides the grant money to help identify and reduce lead-based paint hazards through Portland Development Commission. Grant awards are a maximum of \$10,000 for owner-occupied homes and Section-8 rental properties of one to four units, and \$4,000 per unit in properties with five or more units.

The qualifying criteria for owner-occupied properties:

- Structure was built before 1978 and is located in the cities of Gresham, Beaverton or Portland, or within the counties of Multnomah, Clackamas, Washington or Clark
- A child under age six occupies the home
- Total household income is at or below 80% of Median Family Income (MFI)
- Total household assets do not exceed \$10,000; not including the primary residence, two automobiles, retirement accounts, and personal property

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The qualifying criteria for [Section 8 rental properties](#):

- Structure was built before 1978 and is located in the cities of Gresham, Beaverton or Portland, or within the counties of Multnomah, Clackamas, Washington or Clark
- Property is currently occupied by a Section 8 tenant or if vacant, unit was rented to a qualified Section 8 tenant for the immediately preceding five years
- Property meets HUD minimum property standards or will once lead hazard reduction work is performed
- A child aged six or under occupies or regularly visits the home
- Owner must agree to give rental preference to Section 8 tenants with children for the succeeding three-year period after grant closing

**McKinney Funds**

In July 1987, Congress enacted the Stewart B. McKinney Homeless Assistance Act (P.L. 100-77) to establish distinct assistance programs for the growing numbers of homeless persons. Recognizing the variety of causes of homelessness, the original McKinney Act authorized 20 programs offering a multitude of services, including emergency food and shelter, transitional and permanent housing, education, job training, mental health care, primary health care services, substance abuse treatment, and veterans' assistance services.

Funding was offered through a variety of mechanisms: 6 programs provided funds through a formula or block grant process, 10 used a competitive process, and 3 received no funds to distribute until after FY89. HUD had direct responsibility for administering five of the programs and nearly 70 percent of the 1994 budget authorizations.

- Emergency Shelter Grants Program. This program provides formula (block grant) funding for emergency shelter and essential services.
- Supportive Housing Demonstration Program. This competitive program funds a variety of grantees to provide transitional and permanent housing, particularly for homeless families and persons with special needs or handicaps. Initially funded as a demonstration, the program was renamed the Supportive Housing Program and made permanent in the Housing and Community Development Act of 1992. The program was also expanded to fund services only, Safe Havens, and Rural Homeless Housing.
- Section 8 Moderate Rehabilitation for Single-Room Occupancy Dwellings. This competitively awarded program provides funding to owners of SRO housing in the form of rental assistance payments on behalf of homeless individuals, in conjunction with the rehabilitation of the facility. The program provides permanent housing for previously homeless tenants.
- Shelter Plus Care. Congress added this program to HUD's repertoire in FY90, and provided the first funding in FY92. Funds are competitively awarded for rental assistance. Grantees must match the value of rental assistance with an equal value of supportive services. The target population is homeless persons living on the streets or in emergency shelters with severe mental illness, chronic substance abuse problems, or AIDs.
- Supplemental Assistance for Facilities to Assist the Homeless. This competitive program funded innovative projects that met the immediate and long-term needs of the homeless, as well as projects already receiving funds under ESG and SHDP. The broad and flexible range of assistance permitted

program expansion, capital improvement, and startup of new, needed supportive services. In 1992, SAFAH was incorporated into the Supportive Housing Program.

- Single Family Property Disposition Initiative. Originally, this program was not a McKinney program. It was created in 1983 under the HUD Secretary's broad legislative authority to dispose of single-family properties. In 1985, it was broadened to allow HUD to sell or lease foreclosed single-family properties to nonprofit organizations, or to State or local governments to provide temporary shelter for homeless persons. In 1992, the Housing and Community Development Act recognized it as a McKinney initiative.

(Source: <http://www.huduser.org/publications/homeless/mckin/intro.html>)

### **Operating Reserves**

Set asides necessary to cover anticipated and unanticipated shortfalls in cash flow due to decreases in income or increases in expenses or debt service. Operating deficit reserves are different from lease-up reserves.

### **Project Based Section 8 Rent Assistance (Housing Authority of Portland)**

HAP is making available up to 26 units of project-based vouchers to provide ongoing rental subsidy to aid in the development and operation of up to 26 units of permanent supportive housing for Chronically Homeless Persons and High Resource Using Families.

The Section 8 PBA program, administered by HAP, provides federally-funded housing assistance to building owners who rent to eligible low-income households. In the program, vouchers are assigned to specified units rather than to individual households. Participants who live in these subsidized units pay 35% of their income toward rent and tenant-paid utilities, with HAP paying the difference between the tenant's portion and the total approved rent. Contract rent amounts are set by HAP in accordance with HAP market surveys for reasonable rents.

The PBA program is designed to better serve those who experience barriers in the tenant-based Section 8 program by addressing the need for housing for special-need populations, preserving existing at-risk housing, and creating new housing opportunities for those with extremely low incomes. PBA units must be rented to households with incomes between 0 and 30% of area median income. PBA contracts are issued for ten years with annual renewal dependent on federal appropriations.

Projects that comply with the following criteria will be considered for the PBA vouchers:

- The project is providing permanent supportive housing for chronically homeless adults or "High service user" families experiencing multiple barriers to housing, such as mental illness, domestic violence, physical and cognitive disabilities, and/or alcohol/substance abuse.
- Projects must be located within the boundaries of Multnomah County.
- PBA is used to "buy down" fair market rents and not applied to units underwritten at 30% MFI rents.
- PBA will not be eligible for projects that already have any other kind of Section 8 assistance.

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- PBA cannot exceed 25% of the units in a given complex unless the complex is designated for elderly or disabled households, or if the complex has four units or fewer; and
- Units must be able to pass HAP inspection for federal Housing Quality Standards and local Title 29 code.
- Target PSH population is expected to meet PBA rental requirements.
  - PBA assistance cannot be provided to someone who is a registered sex offender, a person who has been convicted of manufacturing methamphetamine, or is currently using illegal drugs.
  - There may be restrictions on providing housing to persons convicted of other criminal activities depending on the length of time since conviction and evidence of rehabilitation.
  - At least one member of the household must either be a citizen of the United States or have valid immigration status.

For specific questions about the target tenant population and related requirement and restrictions, contact Deena Avery at 503-802-8568 or [deena@hapdx.org](mailto:deena@hapdx.org).

**Replacement Reserves**

An account maintained by the borrower, funding of which is treated as an operating expense and used for repair or replacement of a project's infrastructure, i.e. roof, plumbing, mechanical, etc. For new construction PDC requires replacement reserves upwards of \$300 per unit per year. Higher reserves are recommended for PSH, if feasible.

**Risk Mitigation Pool**

The risk mitigation pool has been established to support the City of Portland's 10 Year Plan to End Homelessness. As one component of the City's Plan, the City is encouraging affordable housing developers to develop units dedicated to serving adults and families residing in Permanent Supportive Housing. The goal of the Risk Mitigation Pool is to support housing providers who agree to provide Permanent Supportive Housing (PSH), by offsetting potential increased financial risks (beyond those typical of affordable housing) associated with operating PSH units.

In 2005, the City Council approved \$800,000 for the Bureau of Housing and Community Development to establish the RMP. This money came from Housing Investment Funds, derived from general City revenues. The goal of RMP is to provide risk mitigation through the initial seven years of the program for up to 300 PSH units. The City expects that the types of risks being protected through the RMP will be relatively infrequent, but, at times, quite costly. Through a shared risk pool, the City hopes to be able to provide financial protection for PSH providers, without having to set up substantial additional reserves at each project. However, this concept is new to Portland, and indeed, BHCD has not identified other similar projects across the country. Therefore, the expectation for the RMP is that we will establish initial policies, and work together to modify the program over the seven years, with the goal of assuring that these PSH units are able to provide quality, affordable housing to people that need PSH over the long term.

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BHCD is the lead agency for the RMP and will set policies, select eligible units and contract for administrative services. BHCD has held Requests for Proposals resulting in the following:

- I. The Housing Development Center was selected to administer the RMP.
- II. Two hundred seventy eight PSH units were selected to be covered by the RMP.

We anticipate PSH units funded through this RFP will have access to the RMP at the time the units are occupied by a PSH-eligible tenant.

**Threshold Criteria**

The minimum requirement proposals must meet to be considered by staff to receive additional technical assistance, and by Executive Selection Committee for funding.

**TIF**

Tax Increment Financing. A program designed to leverage private investment for economic development projects in a manner that enhances the benefits accrued to the public interest. Availability is based on specific URA's.

**Low-Income Housing Tax Credits**

The Low Income Housing Tax Credit (LIHTC) was enacted by Congress to encourage new construction and rehabilitation of rental housing for low-income households. In establishing the tax credit incentive, Congress recognized developers may not receive enough rental income from a low-income housing development to: 1) cover the costs of developing and operating the project, and 2) provide a return to investors sufficient to attract the equity investment needed for development. To spur investment, Congress authorized the states, within specified limits, to allocate tax credits to qualifying housing projects. The credits may be shared among owners (equity investors), much as income and losses are shared among business partners for tax purposes. Generally, the investors are recruited by syndicators, and ownership rights are controlled by limited partnership agreements.

The amount of LIHTC that may be awarded to a building is based upon the cost of the building and the portion of the project that low-income households will occupy. The cost of acquiring, rehabilitating, and constructing a building constitutes the building's eligible basis. The portion of the eligible basis attributable to low income units is the building's qualified basis. In general, the qualified basis excludes the cost of land, obtaining permanent financing, rent reserves, syndication and marketing. The applicable percentage of the qualified basis may be claimed annually for 10 years as the low income housing tax credit.

The LIHTC program is jointly administered by the Internal Revenue Service (IRS) and state tax credit allocation agencies, such as Oregon Housing and Community Services (the "Department"). Credits are provided to states to allocate to eligible affordable housing projects. These credits are considered to be under the State's per capita credit authority and are a limited and scarce resource.

(Source: <http://www.oregon.gov/OHCS/HD/HRS/CFCApp/S16LIHTCProgDescrip.doc>)