

## Item 1: Department of Administrative Services

### Project Turnkey Statewide Pandemic and Homelessness Response

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**Analyst:** Michelle Deister

**Request:** Allocate \$35,000,000 from the Emergency Fund to the Department of Administrative Services to be provided to the Oregon Community Foundation for grants to local community organizations throughout Oregon, which will be used to support the acquisition, retrofitting, and potential operation of hotel and motel properties to be used as emergency shelter.

**Description:** The Oregon Shelter Study dated August 2019, (<https://olis.leg.state.or.us/liz/201911/Downloads/CommitteeMeetingDocument/206926>) identified an estimated gap in shelter beds of 5,814 statewide. Since that time, the COVID-19 pandemic necessitated a decrease in congregant shelter capacity in an effort to maintain social distancing and the health of the sheltered population. The Oregon Housing and Community Services Department (HCSO) is now estimating the statewide gap between needed and available shelter beds to be at least 10,000. As winter approaches, the demand for safe, warm shelter space will become acute.

To meet this need, a coalition of social service providers, not-for-profit entities, real estate professionals, and local governments, is proposing to acquire and, if needed, retrofit suitable properties, and convert them to emergency shelter, with the possibility of conversion to transitional or permanent affordable housing over the longer-term. This effort is being referred to as Project Turnkey, and modeled on an investment of over \$800 million in public funds by the State of California. <https://hcd.ca.gov/grants-funding/active-funding/homekey.shtml>

For this request, \$35.0 million is being sought for the non-wildfire affected areas throughout the state related to the acquisition and/or retrofitting, and potentially shorter-term operational costs of the shelter conversion. Funds will be granted by the Oregon Community Foundation (OCF) to local community-based organizations such as tribal communities, housing authorities, counties, cities, or not-for-profits after an abbreviated application and evaluation process for acquisition and remodeling of suitable properties.

This \$35.0 million in funding is intended to be awarded to service providers in areas other than those affected by wildfires. The intention is for awards not to be limited to urban areas, as limited sheltering capacity is a problem throughout the state. Program criteria would be developed to promote equitable geographic distribution of awards that considers existing sheltering capacity as well as population and need. Existing properties would be owned by grantees, and contracts would include a provision that properties be permanently used as housing assets or be divested with proceeds returning to the state.

No more than \$5.0 million in funding will be made available to meet short term operational or capacity needs of applicants, in an effort to ensure that under-resourced communities are not precluded from applying. A resource list of potentially available hotel-motel properties has been compiled equating to an estimated 19 properties and 1,200 units, at an average cost of approximately \$81,487 per unit. The list is meant to be a resource to potential providers only, does

not constitute pre-approved or pre-qualified properties, and there is no requirement that an applicant provider utilize a property on the list for purposes of its shelter plan application; if applicants have a particular property identified, they are able to structure their application around that property.

The application process for this funding would run in tandem with the \$30.0 million previously approved for shelter facility acquisition and/or retrofitting in wild-fire affected areas, allowing for a similar timeline for awardee selection and execution in time to meet winter sheltering needs for the 2020-21 season. Over the course of the past two weeks, significant progress has been made in setting up the framework for evaluating applications for Project Turnkey in wildfire-affected areas, including the following:

- Advisory Committee members have been identified and will hold their first meeting the week of November 9. As of this writing, OCF was still seeking confirmation of a Senate appointee to the advisory committee, and should additional funding be approved for shelter acquisition in non-wildfire affected areas, the advisory committee will be expanded to include representation from rural service providers. Initial roles and responsibilities for the committee have also been drafted.
- Scope of work, eligibility, and selection criteria has been drafted and is reviewed by HCSD to ensure that it aligns with statewide goals and expectations, and maximizes the ability for shelter providers to meet eligibility requirements for future operational funding. A request for applications is anticipated to launch November 9.
- Two real estate consultants have retained to manage the project, including pre-acquisition and pre-development processes. These consultants will be tasked with evaluation of applicant properties and ensuing review of inspection reports, review and navigation of zoning and deed issues, and ensuring standardized and customary fees.
- Communication plans have been developed to disseminate information about the program, including FAQ's and a web page (which will eventually become the application portal), as well as partnerships through which to share this information to ensure a broad reach.
- Land use compatibility discussions with attorneys and the Department of Land Conservation and Development are occurring to ensure the expectation for long-term shelter or affordable housing is well documented and understood by local governments and grantees.
- A fund has been established at OCF to receive the dollars from DAS and DAS is in the process of sending a fund agreement to facilitate the transfer of General Fund to OCF.

Selection criteria include (but may not be limited to) previous experience in operating shelter services or facilities for COVID-affected individuals; demonstrated and defined partnerships with culturally specific organizations for supportive services; a description of how the project will help address racial equity and break down existing inequities; participation in existing coordinated entry referral systems; a description of the populations expected to be served by the property over the next three years; an operational plan; local contributions for acquisition or operation, if applicable; demonstrated support in the local community; and proximity to essential services.

Partners in developing the proposal include the Oregon Community Foundation, the League of Oregon Cities, the Association of Oregon Counties, CASA of Oregon, Network for Affordable Housing, Hacienda Development Corporation, the Oregon Restaurant and Lodging Association, and state agencies in a consultative role, including the Housing and Community Services Department, Oregon

Health Authority, Department of Land Conservation and Development, and Office of Emergency Management.

As with the previously approved wildfire-affected areas program, longer-term operating funding for the shelter units would need to come from other resources, which could include existing allocations of Emergency Housing Assistance (EHA) and State Homeless Assistance Program (SHAP) dollars and federal funds allocated to Continuums of Care and HCSD. Contracts for the operation of these shelter beds would need to be executed, and the proposal anticipates HCSD involvement in a consultative role to ensure that selected facility owners and operators are aligned with regional referral systems and state shelter operations guidelines.

**Recommendation:** The Co-Chairs of the Emergency Board recommend that the Emergency Board allocate \$35,000,000 from the Emergency Fund to the Department of Administrative Services to be provided to the Oregon Community Foundation for grants to local community organizations throughout Oregon, which will be used to support shelter services through the acquisition, retrofitting, and potential operation of suitable shelter properties, with the understanding that funds will be returned to the State Treasury by June 30, 2021 if unspent, and the Department of Administrative Services and Oregon Community Foundation will report to the Legislature with information that includes the following: identification of applicants, including operating partners; the number and location of units to be acquired; estimated costs of rehabilitation; requested grant amounts; payments of commissions and fees; identified matching funds; a summary of estimated operations expenses and sources of operating revenue; and timelines for occupancy.