

# PROJECT TURNKEY: Oregon's Statewide Hotels-to-Housing Initiative

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## DESCRIPTION OF THE PROGRAM

Project Turnkey is a state-level program that will provide \$71.7 million in grants for the acquisition of motels and hotels in Oregon for use as non-congregate shelter during the pandemic, and as cost-effective units to help build the State's long term affordable housing stock. Over the next several years, most properties will be converted to transitional housing, permanent supportive housing, or other forms of permanent affordable housing. Oregon's Legislature allocated \$65 million in state general funds in 2020 to two discrete pools: \$30 million specifically for eight counties and tribal communities impacted by wildfires in September 2020, and \$35 million to the remaining 28 counties in the state. In June of 2021, the legislature appropriated an additional \$9.7 million to the program so that additional projects that were already determined to be eligible could be funded. Any unused funds will be returned to the State.

The twin crises of wildfire displacement and COVID-19-driven needs for non-congregate housing made Oregon's shortages of emergency shelter and supportive housing dramatically worse. Temporary market conditions made possible a cost-effective, short- and long-term solution to emergency fire- and COVID-19-related non-congregate housing needs through the purchase and modest retrofitting of motels and hotels in good physical condition. This initiative immediately served fire-displaced persons and those in need of COVID-19 isolation/quarantine and who were unable to self-isolate. These two groups are disproportionately Black, Indigenous and People of Color (BIPOC), veterans and LGBTQ Oregonians, as well as unsheltered families with children.



The funds were appropriated by the Oregon Legislature and were assigned to the Oregon Community Foundation (OCF) to administer through a competitive grant process. OCF worked closely with state housing agency partners to establish an application, framework, criteria, and methodology for awards. To assist with the ambitiously-paced program, OCF retained two commercial real estate development consultants to do property-related due diligence. OCF assembled an Advisory Committee of diverse stakeholders including members of the Oregon Legislature, health and human services providers, state and local agency employees, people with prior or current experience of homelessness, people with accessibility needs, and veterans. This group participated in the review and selection process.

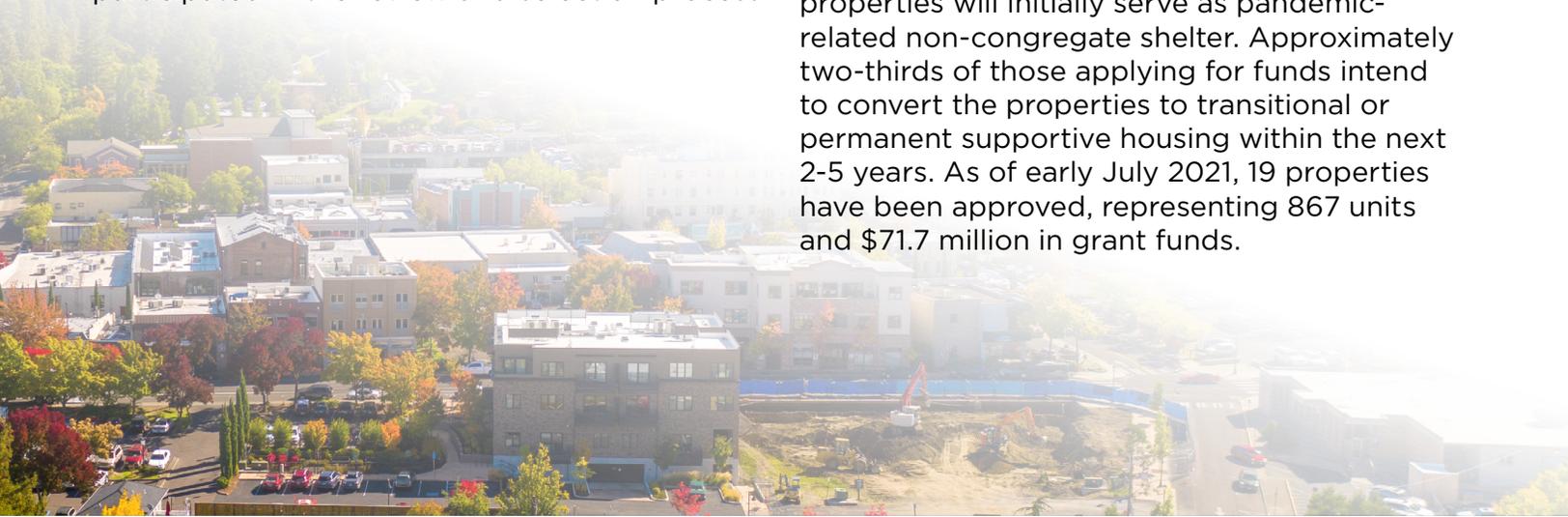
## KEY PROGRAM FACTS

### Program service area and population

The population of Oregon is 4.3 million and Project Turnkey is a statewide program. The program earmarked \$30 million to eight fire-affected counties and tribal communities (Clackamas, Douglas, Jackson, Klamath, Linn, Lane, Lincoln, and Marion counties); and \$35 million to the balance of state. The additional appropriated dollars will be allocated in the balance of state.

### Number of units planned

The goal of the initiative is to create 800 to 1,000 units in 18 to 20 properties. Most properties will initially serve as pandemic-related non-congregate shelter. Approximately two-thirds of those applying for funds intend to convert the properties to transitional or permanent supportive housing within the next 2-5 years. As of early July 2021, 19 properties have been approved, representing 867 units and \$71.7 million in grant funds.



## Project Timeline

Funds approved by State legislature	November 2020
Online application process open	Early December 2020
Phase 1 applications reviewed & Phase 2 eligible applicants notified	January 2021
Phase 2 application processing commenced	January 2021
Project award announcements (rolling basis)	February - June 2021
First projects occupied	March 2021
Additional funds approved by State legislature	June 25, 2021
Deadline for expenditures; return of unused funds to the State	June 30, 2021

## Sources and amounts of funding

Project Turnkey funds are awarded for the complete acquisition of motels and hotels, including due diligence fees and closing costs. Most grants also included funds for immediate repairs and renovations identified in property inspections, or for accessibility upgrades. While the Oregon legislature allowed up to \$10 million of the original \$65 million to be used for operating funds, to date, most organizations have been able to fund operations from other local, state, and federal sources including CARES Act Coronavirus Relief Funds, FEMA, Emergency Solutions Grants, etc. Each organization, as part of the application, described the supportive services offered, including pathways to long-term housing stability.

## Administrative/operational approach

As the administrator and fiduciary, OCF provides accountability, transparency, and grantmaking expertise with a significant amount of nimbleness. As a private entity, OCF has been able to act with greater flexibility than would typically be possible for a state agency.



PROJECT TURNKEY-EAST MULTNOMAH COUNTY | JOINT OFFICE OF HOMELESS SERVICES (JOHS)  
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## KEY PLAYERS AND THEIR ROLES

### Project Turnkey Partnership

Project Turnkey began as a collaborative, multi-agency, cross-sector partnership to provide technical assistance to counties throughout Oregon that were seeking ways to provide non-congregate shelter to people who needed to isolate or quarantine due to the pandemic. This included people experiencing homelessness, migrant and seasonal farmworkers, and wildfire evacuees. Recognizing that the pandemic could require the need for such shelter – especially as winter congregate shelters (which comprised more than 40% of all shelter beds statewide) could not operate at full capacity – the partnership surmised that acquiring motels and hotels was a cost-effective strategy. A planning group conducted a feasibility study of the concept, met with California Homekey program staff for their guidance, and concluded that there was merit to this model. That partnership that came together to pursue the idea includes the following organizations and individuals.

- Hacienda Community Development Corporation
- Network for Oregon Affordable Housing (NOAH)
- CASA of Oregon
- Oregon Housing and Community Services (OHCS)
- Oregon Community Foundation
- Association of Oregon Counties
- League of Oregon Cities
- Oregon Health Authority
- Office of Emergency Management
- Oregon Restaurant and Lodging Association
- Department of Land Conservation and Development
- Commissioner Claire Hall, Chair of Oregon Housing Stability Council
- Representative Pam Marsh, Oregon District 5

## Project Turnkey Advisory Committee

The Project Turnkey Advisory Committee was assembled to review and provide recommendations through the competitive grant process. The Advisory Committee is a diverse group including Oregon legislators, representatives from local agencies and state agencies, health and human services providers, rural service providers, affordable housing experts, people with experience with racial equity and housing, people with lived experience of homelessness, and people with accessibility needs. Advisory Committee members participated in several onboarding sessions to define guiding principles, root the work within a community engagement and equity framework, and determine selection criteria and methodology. The Advisory Committee meets regularly to review, discuss, prioritize, and approve applications. Importantly, this committee includes members of Oregon Housing and Community Services (OHCS), for alignment and insight with respect to statewide shelter and housing programs and priorities. OHCS staff have provided key insights and data to guide the process.

PROJECT TURNKEY-LINCOLN CITY  
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## Oregon Community Foundation (OCF)

Staff of the Oregon Community Foundation serve in the lead administrative role for Project Turnkey. OCF has contracted with two real estate development consultants with extensive experience in developing commercial real estate and affordable housing to provide oversight of the real estate due diligence process, provide technical assistance to the program applicants, and provide project management to each funded project.

## Project Turnkey Applicants

Applicants included local entities (such as cities, corrections departments, counties, housing and public health authorities) and nonprofit organizations (serving homeless people; survivors of domestic violence, sexual assault and/or human trafficking; medically fragile and senior populations; veterans; etc.), or a co-application of two or more of the above entities. The applicants proposed projects to meet the needs of priority populations, working in collaboration with their local communities and supportive services partners. Project Turnkey applicants around the state are working tirelessly and often creatively to address Oregon's housing crisis.





PROJECT TURNKEY-MEDFORD, PHOTO COURTESY OF OREGON COMMUNITY FOUNDATION

## PROJECT SELECTION AND DEVELOPMENT PROCESS

A framework and criteria provide guidance for the competitive application process. Equitable geographic distribution and community-centered projects were key components of the approach to funding allocations. In Phase 1, each initial application was reviewed, considered, and discussed by a minimum of five Advisory Committee members, and then brought to the full Advisory Committee to be considered for movement to Phase 2.

Upon being approved as highly-qualified, applicants entered Phase 2. This involved real estate-related due diligence on a selected property and additional operational planning. Upon successful conclusion of Phase 2 due diligence, a grant request memorandum was developed for each project (outlining the project, property details, operational plan, renovations and repairs needed, and other pertinent details) and presented to the Advisory Committee. This was done on a rolling basis so that the unique timing conditions of each purchase and sale agreement could be met.

A scorecard methodology was created to help the Advisory Committee make decisions as applications concluded due diligence, while weighing them in comparison to others still in the due diligence process. This methodology enabled the Advisory Committee to weigh all applications relative to quantitative and qualitative factors, such as local COVID impact, regional rates of homelessness, regional shelter capacity and needs, the applicant's equity lens, secured funding to support the project, community support of the project, connection to culturally specific providers, accessibility, and proximity of the property to amenities.

## KEY SUCCESS FACTORS

- Each project has been community-centered, in that the applicant has been able to propose the operational model, the priority population to be served, and the best-suited property for the community's short and long-term needs.
- Project Turnkey has been a collaborative effort from inception to implementation. The collective wisdom of many public and private sector partners helped this concept to gain traction within Oregon's Legislature and at the local level within communities. Those partners informed the design and priorities of the grant program, and continue to engage as champions and technical assistance providers to ensure long-term success of the initiative. It has been a hallmark example of public-private partnerships.
- The Advisory Committee has provided strong oversight, diverse expertise, and a focus on equity throughout the process. OCF provided each participating organization with a mini-grant of \$5,000 as a way to honor and value their contribution.
- As a private entity, OCF has acted nimbly throughout this process—from the application to the actual real estate transactions. For example, while the application period was intended to be a short window, OCF received feedback that the brevity did not allow rural and culturally-specific providers to engage with communities and develop applications. As a result, the application window was extended. The lack of bureaucratic processes has enabled Project Turnkey to be expedient and flexible.



- Retaining consultants with significant real estate and technical assistance expertise has been key to a successful process. The consultants provided unparalleled guidance and compressed a complex series of real estate transactions into a 4 to 6-week process for each applicant. Their consultancy supported applicants through a variety of challenges, including zoning and land use issues.
- Technical assistance was provided as the process unfolded, and continues to be offered. For example: OHCS offered a webinar on accessing FEMA funds for non-congregate shelter; the League of Oregon Cities and OHCS worked to provide connections to funding sources (such as Community Development Block Grant CV funds) for non-entitlement communities; and OCF presented a webinar with a local hospitality consulting firm to give guidance through the transition phase of owning and operating a motel property. OCF is currently coordinating a webinar with a mission-aligned Oregon modular design firm that has produced affordable plug-and-play kitchenettes as a resource for awardees planning to engage in renovations. This technical assistance is expected to continue in the form of a learning community/cohort for awardees.
- There is a statewide appetite for more hotel/motel conversions. Many communities have now observed the early success of the first Project Turnkey recipients, are able to envision how this sort of program could benefit the most vulnerable in their communities. They are dismayed to learn that this program is no longer accepting applications. Additional funds appropriated by the 2021 legislature allowed an additional five projects to be funded.

## BARRIERS AND LESSONS LEARNED

- Rural and culturally-specific providers needed more time for community conversations and to prepare applications. With both the application and the award funding provided on a rolling basis, they were often the “last in the door.” As a result, they may have been at a disadvantage as the funding pool was spent down.
- Zoning was a key barrier. It was necessary to work through the unique land use policies and processes of each local jurisdiction. This was less about local opposition, and more about land use processes that took more time than the program allowed. The 2021 state legislature passed a provision in HB 3261 that specifically allows the conversion of hotels and motels to emergency shelter and/or to affordable housing without being subject to land use requirements, with a few specific exceptions set forth in the statute. Implementation of this provision allowed several Project Turnkey projects that had been stalled to move forward.
- The fast pace of this process meant that there was not ample time for community engagement in site selection and planning. In several communities, this led to concerns about shelter siting and to lack of community support for projects. In several extreme cases, local applicants faced opposition from nearby neighbors.
- Not all communities—especially those devastated by wildfires—had suitable hotel or motel properties for sale.

PROJECT TURNKEY-FOREST GROVE | CENTRO CULTURAL DE WASHINGTON  
PHOTO COURTESY OF OREGON COMMUNITY FOUNDATION

## Contact Information and Website Links

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Project Turnkey website landing page: [www.oregoncf.org/turnkey](http://www.oregoncf.org/turnkey)

OCF Press Room: <https://oregoncf.org/press-room/>

## AWARDED PROJECTS- WILDFIRE FUND

Organization	County	# of Units	Grant Amount
Peace at Home	Douglas	32	\$2.95 million
Options for Helping Residents of Ashland	Jackson	68	\$4.25 million
Rogue Retreat/City of Medford	Jackson	47	\$2.52 million
Klamath County	Klamath	28	\$1.77 million
Lane County	Lane	50	\$5.54 million
NW Coastal Housing	Lincoln	41	\$3.40 million
Center for Hope & Safety	Marion	52	\$4.89 million
Mid-Willamette Valley CAA	Marion	80	\$4.26 million
<b>8 projects</b>	<b>6 counties</b>	<b>398</b>	<b>\$29.5 million</b>

## AWARDED PROJECTS- BALANCE OF STATE

Organization	County	# of Units	Grant Amount
Corvallis Housing First	Benton	24	\$2.57 million
Coos Health & Wellness	Coos	17	\$1.34 million
Bethlehem Inn	Deschutes	36	\$2.69 million
City of Bend	Deschutes	28	\$2.97 million
Central City Concern	Multnomah	70	\$7.04 million
Joint Office of Homeless Services	Multnomah	43	\$3.47 million
Rockwood CDC	Multnomah	75	\$6.82 million
CAPECO	Umatilla	35	\$1.27 million
Centro Cultural	Washington	21	\$2.22 million
Washington County	Washington	61	\$6.18 million
Providence/YCAP	Yamhill	57	\$5.64 million
<b>11 projects</b>	<b>7 counties</b>	<b>467</b>	<b>\$42.2 million</b>