

Root Solutions for Housing and Land Justice

Affordable Housing Funding Practices



HOUSING
IS A
BASIC
HUMAN
NEED

HOUSING
JUSTICE
IS
RACIAL
JUSTICE

HOMES
FOR
PEOPLE
NOT
WALL
STREET

EVERYONE
DESERVES
A PLACE
TO CALL
HOME

WHEN
OUR
NEIGHBORS
THRIVE,
OUR
COMMUNITY
THRIVES!

DIGNITY
ABUNDANCE
HUMAN RIGHT
INTERDEPENDENCE
COMMUNITY WEALTH
PUBLIC GOOD





Marj Kleinman, Stoop Series

INTRODUCTION

Race Forward’s vision of a just housing system is one in which racial hierarchies have been eliminated, housing is a public good, and everyone, regardless of their race, has affordable and dignified housing. This vision is grounded in an understanding of our country’s long history of racist exclusion, expropriation, and exploitation through policy and practice. This history has created our racialized housing system as detailed in our series [“Root Causes of Housing and Land Injustice”](#).

Local government housing agencies are now reckoning with their role in creating this history, while reassessing their complicity in long-standing practices that maintain racial inequities. Going further, agencies are also working with communities of color to reform and align affordable housing funding streams to advance racial equity. They are incorporating racial equity criteria into funding decisions and requiring or incentivizing housing developers and service providers to achieve racial equity goals and use new practices for community engagement, service delivery, and property management.

The private market does not build housing for low-income people, and our racialized history and systems have ensured that communities of color are disproportionately poor. Together this means that the critical role the federal and local government plays in meeting this basic human need is a question of racial equity. More recently, local governments have played a bigger role in funding affordable housing as federal funding for housing shrinks. But even with increased local efforts, regulated income-qualified affordable housing accounts for only a small portion of the country’s housing stock and does not come close to meeting the need.

Public mission-driven financing is provided in grants or loans (often deferred) through competitive solicitation processes to public, nonprofit, and for-profit housing developers to build, preserve, and manage affordable housing. Governments are now using a racial equity lens to codify racial equity criteria in their Notice of Funding Availabilities (NOFA) and Requests for Proposals (RFP). These practices are important because government housing agencies have significant discretion about where affordable housing is located, who builds and owns it, how communities are engaged in decision-making, and most importantly who gets to live in it.



Melanie Stetson Freeman/The Christian Science Monitor/Getty Images, June 2018



NAMING RACIAL DISPARITIES IN HOUSING DEVELOPMENT

We must name racial disparities in housing development and normalize the use of a racial equity lens to deploy affordable housing funds. This allows us to address at least two root causes of housing and land injustice:

Lack of public and private investment benefiting communities of color. Government at all levels has long used publicly funded affordable housing to harm communities of color by engineering society along racial lines. Public housing was first used to segregate low-income whites and Black households. After passage of the Fair Housing Act many local governments resisted the desegregation mandate by obstructing the construction of low-income housing and/or locating it in segregated high poverty communities of color.

Government power dynamics with the real estate industry. Government often has established relationships with large developers (who are predominantly white), landowners, and the civic associations that influence how affordable housing is developed. These relationships skew the power balance toward the interests of private and well-connected institutions, leaving behind the needs of renters, low-income residents, and smaller housing developers and services providers led by and/or serving communities of color. This power imbalance drives public investment in affordable housing that exacerbates racial disparities in the ownership of real estate assets, development experience, and access to capital to name a few.

KEY TERMS

Racial Equity Practitioners: Racial equity practitioners are government employees who have the drive, skills, and relationships to lead and implement system changes designed to eliminate racial disparities. They are skilled at motivating others, working across differences, and building relationships within and outside of government.

Housing Preference Policy: A policy giving preference for rental and homeownership public resources to individuals and households or their descendants who have been directly harmed by government housing policy and actions often with racially disparate impact, whether intentional or not.



Government Alliance on Race and Equity



APPLYING A RACIAL EQUITY LENS TO FUNDING

Agencies addressing racial equity in affordable housing policies, programs, and practices have started the work by using better data and community engagement. By combining data, expansive community and contractor engagement strategies, and outcomes-driven tools, government agencies are better able to understand the needs and tailor funding specifically toward the people most impacted by systemic racism in housing. Using racially disaggregated demographic data on housing cost-burden, homelessness, and low- and very low-income populations make it evident which communities are experiencing the greatest needs. Housing agencies are using this data to target their engagement strategies toward these communities to better understand the harm being done and co-design housing solutions with them.

These analytical and engagement practices have set the stage for reform of local funding practices. Below are six reforms observed in housing agencies using a racial equity lens to deploy funding:

- 1. Multi-agency commitment to racial equity.** Government bodies with overlapping geographic boundaries (such as regional bodies, counties and cities) are coming together to adopt shared racial equity frameworks and principles for growth.
- 2. Prioritized populations.** Jurisdictions are setting goals to serve populations directly impacted by documented past harms and using preference policies and funding criteria to target who benefits from these investments.

- 3. Housing site selection.** Jurisdictions are prioritizing locations of affordable housing development and preservation that address racial disparities such as segregation, disinvestment, and displacement.
- 4. Inclusive community engagement.** Funding criteria is requiring project sponsors to conduct inclusive engagement with communities of color in early stages of project planning and throughout lease up and ongoing property management.
- 5. Inclusive housing development and service delivery.** This includes setting goals for increasing housing funds for developers, contractors, and service organizations led by people of color. These goals can be reinforced with capacity building funding to support applicants to apply for and manage funds.
- 6. Equitable access to and management of housing.** Low barrier and non-discriminatory leasing practices include affirmative marketing to communities who face discrimination in housing. They also include not screening for applicants' citizenship status, credit score, rental history, or source of income to name a few of the barriers low-income residents face when applying for housing. Equitable management practices include having resident advisory boards to engage property managers in the decisions impacting their homes' quality and affordability.





Metro, Dekum Court Apartments



ALIGNING A REGION TOWARDS RACIALLY EQUITABLE HOUSING

The following case study provides insights into the internal process and capacity needed to implement solutions.

In Oregon, racial equity practitioners at Oregon Metro (a regional government body), Multnomah County, and the City of Portland are using a racial equity lens to align and deploy funds that address the region's long-standing racial disparities in housing.

Oregon Metro's [2016 Strategic Plan to Advance Racial Equity, Diversity, and Inclusion](#) put the organization on track to use racial equity frameworks to manage two measures passed by voters in 2018 and 2020. It then operationalized those frameworks through funding agreements with the local counties and cities responsible for funding specific development projects and providing supportive housing services.

The Affordable Housing Bond Program

Metro's \$652.8 million [Affordable Housing Bond Program](#)'s policy framework has four principles including racial equity. The framework was developed by the Metro planning department in consultation with Metro's DEI Program and a community coalition. It was adopted by the Metro Council prior to being placed on the ballot. The racial equity principle guides geographic distribution of investments, including investments in communities that have historically lacked affordable housing options and other communities at risk of displacement.

Engagement with communities of color directly informed goals for housing unit production, which includes 41% of units with deeper affordability (1,600 homes at >30% AMI out of the 3,900 homes total) and 50% of family-sized units. The framework also set a 20% goal for the portion of construction contract dollars paid to state certified minority and women owned businesses.

Metro then established a Housing Division and staffed up to implement the framework as a regional standard for aligning local implementation plans across three counties and four cities. Local plans commit to implementing the regional goals listed above for geographic distribution, workforce and contracting, and deep affordability. Metro facilitated conversations with local jurisdictions to include language in their plans to fund developers who affirmatively market to communities of color, develop projects with culturally relevant services and programs, and use inclusive community engagement early in development planning processes.

The community engagement process for several new developments have birthed local community advisory groups including residents who have experienced displacement and housing insecurity. These groups have been able to inform developer selection, architectural design, the inclusion of ground floor community and commercial space, and other community-prioritized amenities. This relationship with advisory groups also provides the developer with a valuable resource for their affirmative marketing and lease up efforts.

The Supportive Housing Services Program

The measure funding Metro's Supportive Housing Services (SHS) Program was initiated and designed by a community coalition led by communities of color and then placed on the ballot by Metro Council. The coalition's racial equity framework seeks to ensure funds spent by Metro via local funding agreements are designed to reverse known housing disparities. The framework re-emphasized the Affordable Housing Bond's commitment to culturally relevant services and meaningful community engagement of communities of color through a regional SHS Advisory Board and throughout each local project's planning process.

These regional frameworks are the scaffolding for local jurisdictions to build out their implementation structures and funding agreements with developers and service providers. When this scaffolding and funding is available to jurisdictions that have long-standing government-wide racial equity initiatives with deep involvement from their housing agencies, like Multnomah County and the City of Portland, you raise the ceiling on advancing racial equity through funding processes.

Multnomah County's Joint Office of Homeless Services awards SHS funds to service providers to address the homelessness crisis. They used a [racial equity decision making tool](#) to design their NOFA and carried forward some of those same questions into the application process. Developers have to consider issues of racial equity in their applications.

The County has surpassed the regional goal of serving people of color towards closing gaps. In 2023, 80% of households receiving SHS-funded services in Multnomah County were people of color, up from

73% the previous year, and well above the regional 44%. Part of this success can be attributed to the County's approach of lowering barriers for and increasing the capacity of culturally specific service providers to access funds. Early on staff recognized the needs of smaller organizations who had deep relationships in communities of color but faced systemic barriers to building capacity. This led the County to provide capacity building funds to qualified but not yet contracted culturally specific organizations serving Black, Latino, Native, and immigrant communities. In addition, they contracted with a third party to mainstream

provide technical writing support for organizations preparing their funding application. While many larger mainstream organizations had their own in-house writers, the smaller culturally specific service providers relied on this third party assistance.

The City of Portland Housing Bureau's (PHB) use of innovative equity funding criteria is an outgrowth of the bureau's ongoing work with Portland's Black community in [North and Northeast Portland](#) to reverse displacement and chronic disinvestment in the formerly redlined area. PHB adopted the [N/NE Preference Policy](#), a first in the nation policy prioritizing affordable housing resources for residents displaced by urban renewal in the mid-20th century (and their descendants). PHB has two dedicated staff to market this policy to displaced residents and support individual households to access a pipeline of rental and homeownership resources. They provide technical support and accountability to nonprofit developers in N/NE implementing this preference policy through leasing and loan making processes.

PHB's [Racial Equity Roadmap](#) lays out their commitment to and plan for organizational and policy change, including to its funding decisions. PHB's approach is unique because they ask the nonprofit organizations selected to develop affordable housing to also have racial equity plans. [PHB's 2019 RFP](#) for the Metro major regional bond dollars prioritized development teams with culturally specific organization leads and/or major team members. Applications had to provide details on the applicants':

- Organizational mission as it relates to anti-racism,
- Diversification of the staff and board,
- Training plans for Diversity, Equity and Inclusion,
- Strategies for engaging and housing priority populations,
- Provision of culturally responsive and specific services, and
- Plans to provide contract and apprenticeship opportunities for minority owned firms.

The alignment of racial equity criteria across multiple funding sources in the Portland region has provided the nonprofit development community with the much needed consistency as they apply for multiple sources of development financing. It has also driven change in the sector more broadly as many of these developers are active in other markets.



Metro, Rockwood Village Apartments

ADVICE FROM RACIAL EQUITY PRATITIONERS FOR GETTING STARTED

The Portland region experience provides valuable insights for other jurisdictions applying a racial equity lens to their funding criteria.

Start with Racial Equity Values

Racial equity practitioners spoke of the importance of starting with a values-driven process that is community-led or at least highly collaborative.

"THE RACIAL EQUITY PRINCIPLE IN THE BOND'S POLICY FRAMEWORK ADOPTED BY COUNCIL SET US ON TRACK TO BE IN A MORE ACCOUNTABLE RELATIONSHIP WITH THE COMMUNITIES EXPERIENCING THE WORST RACIAL DISPARITIES AND FOCUSED ON THE ISSUES DOING THE MOST HARM SUCH AS HOMELESSNESS, DISPLACEMENT, AND BARRIERS TO HOUSING ACCESS."

- Emily Lieb, Metro Housing Policy Director

Get in Right Relationship with Community

Communities closest to the problem have unique expertise to help design solutions that go right to the heart of the problem. As a result of broad community engagement and an ongoing relationship through

N/NE Advisory Committee, Portland Housing Bureau was able to hear and respond to the innovative ideas the community had to repair past harms from urban renewal.

"PEOPLE AT COMMUNITY FORUMS AND GATHERINGS HEAVILY MENTIONED THE HARM DONE BY EMINENT DOMAIN AND WANTED IT RECTIFIED SO THAT WAS WHAT CITY STAFF USED TO CREATE A PRIORITY POINT SYSTEM."

- Dyvisha Gordon, Portland Housing Bureau N/NE Preference Policy Coordinator

Implement with Clear Guidance and Specificity When Necessary

Funding awards are long-term commitments to the whole real estate development and management process so it is important to break down the steps of implementation to identify where racial equity considerations can be incorporated. The racial equity goals described above were proposed by community members and then the practices were ground truthed by experts in real estate development and service provision. This allowed for funding criteria for some practices to be specific. For example,

"PORTLAND HOUSING BUREAU MAKES SURE APPLICANTS SPEAK ABOUT THE PARTNERSHIPS THEY HAVE WITH CULTURALLY SPECIFIC ORGANIZATIONS, PREVIOUS EXPERIENCE WORKING TOGETHER, AND HOW PARTNERSHIPS ARE COMPENSATED. WE WANT TO MAKE SURE THAT FOLKS AREN'T BRINGING IN PARTNERSHIPS THAT ARE ONLY ON PAPER THAT WON'T BE COMPENSATED FOR PROVIDING THEIR SERVICES."

- Tanya Wolfersperger, PHB Housing Development and Construction Services Manager

Not all racial equity development strategies have an agreed upon set of best practices so flexibility and responsiveness is also needed. Practitioners in Oregon recommended revisiting equity goals and determining if they were too strict or did not provide enough guidance. With a spirit of continuous learning we can find, implement, adapt and grow the root solutions we need to create a just housing system.



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