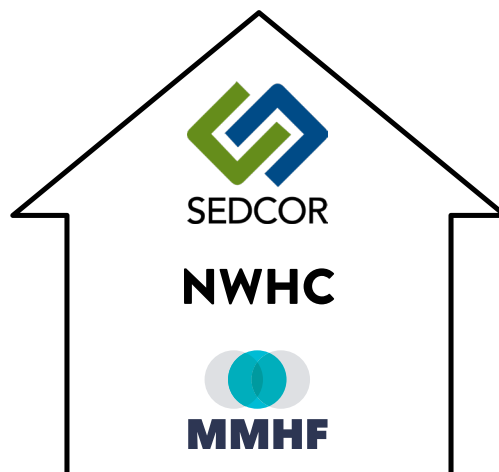


# SEDCOR AND THE NEWBERG WORKFORCE HOUSING CONSORTIUM:

A Collaborative Community Approach to Workforce  
Housing Development

*January 2024*



## OVERVIEW

This case study outlines the process by which the [Strategic Economic Development Corporation \(SEDCOR\)](#) and the [Newberg Workforce Housing Consortium \(NWHC\)](#) aligned key employers around shared workforce housing and innovation goals; procured \$3M in Oregon State funding to bring on technical capacity and create actual housing; and attracted housing innovators and developers to the City of Newberg.

## SUMMARY

In February of 2022, Oregon State Representative Anna Scharf secured \$3M in state funding to support the development of additional workforce housing in the City of Newberg, Oregon. The funding was the culminating step after three years of collaboration amongst the members, which allowed them to actualize their vision for additional workforce housing. This was done in partnership with SEDCOR and the MMHF, and allowed them to develop a plan of action to deploy those funds in the community. Currently, the NWHC consists of the following area employers:



The Consortium was organized and led by SEDCOR, which identified workforce housing as a business retention and expansion issue in its outreach to local traded-sector employers. SEDCOR was supported with the knowledge and expertise of the City of Newberg.

SEDCOR's workplan includes identifying and supporting industry led solutions to often community-based problems. In 2019, SEDCOR heard loud and clear from employers in Newberg there was a shortage of workforce housing for those earning 80-120% of the area median income (AMI). These workers tend to be ineligible for affordable housing subsidies due to making a higher income, but cannot afford market-rate housing. The Federal government considers these individuals and families "cost burdened" due to spending more than 30% of their income on housing.

Employers reported that because these employees are priced out of local housing markets, many of them are commuting up to an hour each way, which impacts overall employee retention. For example, Newberg-Dundee Public schools have teachers who commute from outside areas like Salem or Portland, a 45 minute-1 hour drive, because they can't afford to live in Newberg. Other trade-offs for these employees might include foregoing childcare or further education, and may impact other economic decisions for these families.

In addition to employee retention challenges, the consortium employers identified barriers to recruitment created by the dearth of affordable and middle housing. For example, George Fox University experienced difficulty hiring new professors from outside of Oregon. These professors were offered jobs at the University but would turn them down after discovering that the cost of a home in the Newberg area was often double the price for half the square footage of homes in their local market. Additionally, Friendsview Retirement Community, which hires care workers who are often a year or two out of college, cited difficulty in staffing because there was a lack of inventory of studio and one-bedroom homes or rentals in the area.

The problem with middle income housing development is that building a home costs about the same regardless of who will live there – land acquisition, materials, labor, permits, etc. are all fixed costs. Subsidies exist to help cover the cost of housing development for those earning less than 80% of AMI, and especially those below 60% of AMI. At the other end of the income spectrum, those earning more than 120% of AMI can afford unsubsidized market-rate housing. It's the middle where there are no subsidies and less ability to pay for higher rents and sales prices where it stops making economic sense to build housing.

Knowing that a consortium of employers, led by SEDCOR, was actively working on workforce housing in their community, Representative Anna Scharf secured \$3M in funding to catalyze their efforts. Upon the award from the State, SEDCOR mobilized the Consortium and began the process of determining the best way to deploy the funds. SEDCOR and the NWHC knew that in order to optimize the funds to serve their workforce, they would need to think differently about building workforce housing. The group would need to find innovative solutions to reduce the time and cost to build that could also be scaled over time. The consortium knew they couldn't make any of those fixed costs of housing construction cheaper and they didn't want to invest in a "one-and-done" project.

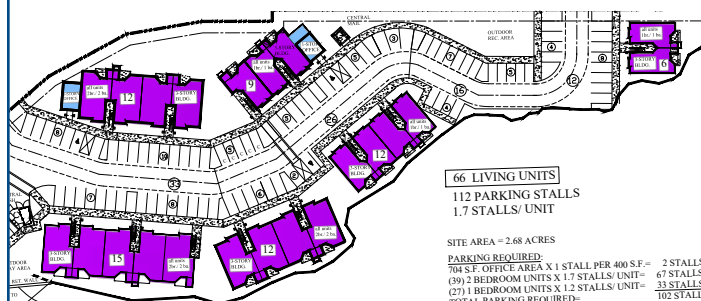
To facilitate this effort, SEDCOR and the NWHC sought out expertise from leaders in workforce housing development, the Missing Middle Housing Fund (MMHF). The MMHF is an Oregon-based 501c3 non-profit organization dedicated to reducing the housing underproduction crisis. The MMHF leverages its community innovation network in the areas of product design and manufacturing, financing, labor, and policy to find ways to reduce development costs and time.

The MMHF led the NWHC through:

- ▶ An alignment process to clarify shared goals, individual goals, and company and community assets;
- ▶ A Newberg workforce housing summit that brought members of the community together with housing innovators to workshop potential solutions;
- ▶ Nationwide Request for Proposals (RFP) process to invite development proposals;
- ▶ And a process to choose development partners and innovators to actually build housing

The RFP process, which was kicked off in April of 2023, resulted in seven groups submitting proposals to leverage a portion or all of the \$3M to create more workforce housing. Three finalists were selected for interviews, and ultimately two were chosen as the winning proposals in June. The two groups who were named as winners include:

[Pacific Crest Real Estate Advisors](#) and [CD Redding](#) which were already in the process of building a development in Newberg on the banks of the Willamette River. This award ensured that a certain number of their units would be targeted for middle income earners.



Map of Willamette View apartment building site in Newberg, Oregon.

[Edlen & Co.](#) and [Quantum Assembly](#), which proposed to leverage Quantum's innovative building technology with an innovative financing instrument.



Photo of Quantum Assembly's housing prototype.

Ultimately the consortium decided that the best, long term, most sustainable use of the money was to create a revolving investment fund to buy down the cost of predevelopment loans (carrying costs) for the developer. The MMHF manages these funds with the guidance of the NWHC. The objective is to help finance pre-development costs for workforce housing projects, which are often the most difficult to secure and most expensive. This fund will invest in the winners of the RFP process and future projects to come. Returns on investment will be delivered back to the fund for reinvestment. The intent is to ensure that additional workforce housing can be funded and scaled over time as the investment fund continues to grow through returns and new investments.



**November 2019**

SEDCOR began industry partner coordination

**January 2020**

NWHC convened; drafted vision statement



**June 2020**

Consortium takes partial hiatus due to pandemic



**March 2021**

NWHC reconvenes with renewed purpose and new partner; revisits vision statement to further support developing workforce



**March 2022**

NWHC awarded \$3M through passing of HB 5202; supported by Representative Anna Scharf



**August 2022**

Funds received from state



**February 2023**

MMHF is hired to create a development RFP



**April 2023**

SEDCOR, NWHC, and MMHF host a housing summit in Newberg attended by 55+



**May 2023**

Two development partners chosen by NWHC



**July/August 2023**

Revolving Investment Fund established to support current and future developments





# NEWBERG WORKFORCE HOUSING HISTORY

Newberg is a small city in Yamhill County, OR, of approximately 25,000 people. It is located in the heart of the Willamette Valley wine country, about 45 minutes from the City of Portland to the Northeast and state capital of Salem to the South. The city's largest employers are A-dec, a dental equipment manufacturing company and George Fox University. Other notable employers include Friendsview Retirement Community, Providence Health of Newberg, and the Newberg-Dundee Public Schools.

The cost of real estate in Newberg has increased dramatically over the past several years, due in part to the proximity to Portland, a growing wine industry, and the relocation of homeowners from other parts of Oregon, California, and other parts of the country. With the move of thousands from urban areas to rural areas that accompanied the pandemic and the increase in work-from-home, the costs of land and housing have increased significantly.

The median household income in Newberg was \$81,210 from 2017-2021, according to the US Census. This is well below the income required to afford an average priced home in the city. The [Newberg Housing Production Strategy prepared by EcoNorthwest](#) in May 2023 states that a household would need to earn \$126,000 to afford the median sales price of a home in Newberg at \$443,000.



For additional context, in Yamhill County where Newberg sits, the middle-income housing brackets for those making 80-120% of the area median income are \$90,200-\$135,300 for a family of 4. This data shows that more affordable housing needs to be created to meet the growing demand for this target.

The availability of affordable workforce housing has long been a challenge for Newberg. The idea of forming a consortium of area employers to address the problem dates back to 2012, when Rick Rogers, former Executive Director of Newberg Area Habitat for Humanity, who also served as Mayor of Newberg from 2019-2022, set out to bring change to the area. Rogers' experience leading Habitat for Humanity made him an advocate for housing of all forms, and he created the first iteration of the Consortium called Housing Newberg in 2016, which brought together many of the same Consortium members of today. The group united builders, housing advocates, government officials, and other community leaders to advocate for the building of more housing with City Council. In 2017, he was able to successfully implement advances in lot size reductions and land annexations, among other ideas, that would help facilitate more housing development in the area.

In 2018, as part of then Governor Kate Brown's Future Ready Oregon Initiative, the Oregon Housing Community Services helped to lead a workforce housing initiative program designed to form partnerships between local communities, the business sector, and private developers to address the housing shortage for working families in Oregon. The Mayor of Newberg and a developer submitted a proposal for this pilot. Although a nearby project in Donald, OR received one of the five pilot awards, Newberg's application was not chosen.

### Yamhill County Housing Income Brackets

Source: Oregon Housing and Community Services, 5/18/23

Household Size	80% Median Income		120% Median Income	
	Monthly	Annually	Monthly	Annually
1	\$5,263	\$63,150	\$7,895	\$94,725
2	\$6,017	\$72,200	\$9,026	\$108,300
3	\$6,767	\$81,200	\$10,151	\$121,800
4	\$7,517	\$90,200	\$11,276	\$135,300
5	\$8,121	\$97,450	\$12,182	\$146,175
6	\$8,721	\$104,650	\$13,082	\$156,975
7	\$9,321	\$111,850	\$13,982	\$167,775
8	\$9,925	\$119,100	\$14,888	\$178,650

However, this led Rogers and other area employers to believe that something similar could be possible for the Newberg area in the future, where a public private partnership with local employers could mobilize resources and eventually attract investment from the state. Soon after, Abisha Stone, SEDCOR's Yamhill County Economic Development Manager, received a call from Todd Engle, the Executive Director at Friendsview Retirement Community to discuss the potential to create more workforce housing with employers in the area. The seed had been planted to bring business leaders together to formalize prior conversations and discussions and activate a plan.

## SEDCOR'S LEADERSHIP AND THE FORMATION OF THE NWHC

SEDCOR is a nonprofit regional economic development organization with the mission of finding, creating, and cultivating economic opportunities in the Willamette Valley, with emphasis on traded sector business development. SEDCOR's workplan is industry-led and reflects a variety of initiatives important to the region's business community including agriculture supply chain innovation, career technical education and training for local entrepreneurs. Erik Andersson, President of SEDCOR, and Abisha Stone, SEDCOR's Yamhill County Economic Development Manager, have served as leaders of the workforce housing initiative.

*"SEDCOR adapts our workplan to the needs of the region's employers. We know businesses are facing a variety of challenges to find and retain workers, so we had to forge new partnerships to address their needs, including workforce housing and childcare."*

**- Erik Andersson**

As part of their contract with Yamhill County for business retention and expansion services, SEDCOR routinely met with Yamhill County employers to learn about the issues and opportunities they were experiencing. Finding and retaining workers was consistently identified as a major issue, in part due to the lack of available housing. To respond, in late 2019, local industry partners were convened by SEDCOR to discuss the feasibility of an industry-led "middle housing" solution for local workforce. They partnered their efforts with the City of Newberg, and the Newberg Workforce Housing Consortium (NWHC) was formed.

The NWHC is a public-private partnership aimed at developing affordable workforce housing in the city of Newberg. The group aims to serve working families who do not qualify for State-subsidized affordable housing and cannot afford market rate housing, otherwise known as the missing middle.

The current NWHC consists of the following employers:



The group started convening in late 2019 and met monthly through early 2020 when the COVID global pandemic struck. This put a pause on the group's efforts as they took a partial hiatus. During this time, the group did not meet, but stayed connected. The initiative was promoted with SEDCOR's economic development partners organizations, the Mid-Willamette Valley Council of Governments and the Governor's Regional Solutions Office.

When it was time to emerge from the pandemic in March 2021, the group reconvened with a new purpose. The Consortium recognized that the pandemic had accelerated a greater need for affordable workforce housing and regrouped with a resolve to unite behind a common vision and shared goals. A-dec had recently fielded a survey to its employee base and found that workforce housing was a key need, as the pandemic had accelerated the housing crisis in the Newberg area.

To facilitate this work, the Consortium hired Kinesis, a Portland-based business strategy consulting firm, to help hone their vision and goals. The result was the following:

## VISION

Our vision is to develop a corporate-partner housing development with access to services that further support workforce development in the City of Newberg. We aspire to develop a model that can be replicated throughout the State.

## GOALS

- ▶ In the short-term, we envision an initial development in the city of Newberg that offers affordable housing to workers whose income is at or below 120% of AMI.
- ▶ Because this is a diverse group, the development needs to offer flexible options, from studios to multi-bedroom apartments. Access to childcare, transportation and other community resources is also important.
- ▶ The intent is for the renters to eventually transition to market rate housing. To support that process, we will connect them to resources offering financial guidance and education.
- ▶ As we become known for our innovative, effective partnership approach to workforce housing, we will not only attract workers and families but also serve as an inspiring model to other communities.
- ▶ For the participating organizations (partners), we see this development leading to an increase in employee attraction, retention, and engagement.
- ▶ For our workers, we envision increased quality of life and financial stability, a sense of pride in their home, and access to career opportunities here in Newberg.
- ▶ For our community, we are excited about the long-term impact of workers who build their lives and careers in the Newberg area as invested community members.
- ▶ A first step for us is to hone the financial model that best sets this development up for long-term sustainability. Economies and communities are always evolving, and we want this housing model to be adaptable in response to those changes.

Source: NWHC Vision and Goals, developed in partnership with Kinesis

Throughout this work, it was unclear if the Consortium's efforts would take hold. Over the years, the group had experienced several challenges, including a fluctuation of members and a lack of commitment to put "skin in the game" to address the housing underproduction crisis head-on. The group did not have specific expertise in housing which presented significant barriers to moving forward including a lack of experience developing or managing residential properties, a lack of understanding or desire to understand city, county, and state housing regulations, concerns regarding landlord liabilities, and little understanding of how to articulate the ROI proposition to potential investors and their own boards and governance structures. This last point contributed to the fact that the Consortium did not have any offers of land, investment dollars, or management resources from the Consortium members themselves. The future of the Consortium was in doubt, as SEDCOR believed the group might have to disband if members did not make decisions or commit resources. The group needed a catalyst to keep moving them forward. Fortunately, that spark was about to be lit by State Representative Anna Scharf.



## REPRESENTATIVE ANNA SCHARF BRINGS \$3M TO NEWBERG

Oregon State Representative, Anna Scharf, is a Republican State Representative, representing House District 23, which includes portions of Yamhill and Polk counties, comprised of Dallas, Dayton, Dundee, Falls City, Newberg, and rural Amity. Rep. Scharf has been engaged in workforce housing conversations for years. In 2022, Rep. Scharf connected with the leadership at SEDCOR to discuss the potential of applying for State funding to support the Consortium's initiatives through the "Christmas Tree Bill" (HB 5202). Late in a legislative session, the Legislature typically passes a budget reconciliation bill, allocating funds to specific projects. The bill earns its name from the provisions or "ornaments" that are attached to the Bill.

Abisha Stone mentioned that workforce housing was a growing concern amongst the area's employers to Representative Scharf, and the decision was made to submit the request for funding. "Newberg is a fantastic town. We have manufacturing companies and a private university, but little to no housing for middle income earners. Typically, people want to focus on low-

income housing, but as the area continues to grow and companies continue to expand, we need to have housing for that workforce," said Scharf.

SEDCOR quickly mobilized the Consortium to authorize the application and discuss deliverables and activation timelines. They worked quickly to submit a request, which at the time, included a \$26M ask to fund multiple issues, including childcare and workforce housing. Upon the submission of the request, Erik Andersson accurately speculated, "This could be the encouragement everyone needs to propel efforts forward."

In February 2022, the team was notified that a \$3M award would be made to fund workforce housing development in Newberg as part of HB 5202. It did indeed become the catalyst that would energize the group to keep moving forward and commit to tangible solutions to build workforce housing units. The funds were received in August of 2022, and the team quickly got to work planning their deployment.



Members of the NWHC with Representative Anna Scharf.

From left to right: (former) Newberg Mayor, Rick Rogers, Todd Engle of Friendsview Retirement Community, Abisha Stone of SEDCOR, Representative Anna Scharf, Vicki Piersall of George Fox University, Shannon Buckmaster with the City of Newberg, Jordan Beanblossom of A-dec, Doug Rux with the City of Newberg.

# THE NWHC PARTNERS WITH MIDDLE INCOME HOUSING EXPERTISE, THE MISSING MIDDLE HOUSING FUND

[The Missing Middle Housing Fund \(MMHF\)](#) is a 501c3 non-profit organization based in Portland, OR that connects and scales housing innovation across government, finance, labor, and product design and manufacturing. Founded in 2021, the MMHF's vision is to solve Oregon's housing underproduction crisis through innovations that reduce the cost and time to build. SEDCOR had first met with Nathan Wildfire, the MMHF's Co-Founder and CEO, in 2020 and appreciated that Wildfire and the organization had a laser focus on the needs and potential housing solutions for the missing middle target. After the \$3M was awarded to SEDCOR and the NWHC, the group reconnected with the MMHF to bring on technical capacity, access their innovation network, and to develop strategic ways to invest the State dollars. "We needed to find a partner who knew the landscape," said Stone.

The MMHF encouraged the NWHC to think differently, and "outside the box." The team agreed that using the \$3M to continue with the status quo, developing housing in the same old ways would not solve their housing challenges over the long run. They had to tap into innovative solutions that reduce the time and cost to build, and then scale those approaches, even if that meant starting with small projects focused on learning and pushing the envelope.

The NWHC Request for proposal, issued to business and community leaders in March 2023.

## **Newberg Workforce Housing Consortium (NWHC) Strategic Economic Development Corporation (SEDCOR) Missing Middle Housing Fund (MMHF) Request for Proposals (RFP)**

### **Objective**

The MMHF, SEDCOR, and the NWHC seek teams to propose innovative workforce housing development models and partnerships to serve the needs of the City of Newberg and Yamhill County.

These three partners have the following priorities:

1. Create new middle-income housing to serve the needs of employers in Newberg
2. Test scalable models that radically reduce development cost and time
3. Build a model of community innovation in the Upper Willamette Valley in finance, land development, building products, development models, design, assembly, public policy, etc.
4. Efficiently use, and hopefully creatively reuse, up to \$3Million dollars in state support

### **Background**

The NWHC was created with the support of SEDCOR in the Spring of 2019 to address Newberg's workforce housing shortage. Housing creation has not kept pace with demand, leading to ever higher rents and sales prices, and lower and lower vacancy. The low availability of housing at middle income price points has constrained economic growth across most large and small employers.

The MMHF proposed issuing a [Request for Proposal \(RFP\)](#) to find development, innovation, and investment ideas. The RFP aligned the goals of the NWHC members' goals, provided criteria for them to evaluate potential investments, and served as a tool to solicit innovative partnerships and methods from a wide variety of cross-disciplinary teams in product design, finance, and development. Through a collaborative process, the MMHF drafted the RFP, incorporated feedback from Consortium team members, and issued it to a broad list of community leaders, developers, product manufacturers, financiers, construction companies, and landowners in March 2023.



The requirements for the RFP were purposely left “open”. The team wanted to stretch the realm of possibility and encourage creativity in approach. The guiding principles for submissions included the following:

- ▶ At least 50% of all housing proposed must target individuals and/or families making 80%-120% of Area Median Income (AMI). To arrive at proposed rents or sales prices, use no more than 30% of the target markets’ income.
- ▶ Prioritize “getting the most bang for the buck” from the \$3M in state funding , i.e. maximizing number of units per dollar or regenerative fund approach, etc.
- ▶ Units can be for-sale or rental
- ▶ Unit size and bedroom count is negotiable
- ▶ Partnerships between new and experienced actors in the Upper Willamette Valley are encouraged
- ▶ Due to the unit cost and development time goals, outside-the-box partnerships and strategies are welcome, as are pilot project proposals
- ▶ Sustainability – healthy living spaces, environmentally friendly materials, etc. are encouraged
- ▶ Proposed per unit total development cost and/or total development per square foot cost should be 25% less than comparable, current costs in the Upper Willamette Valley market
- ▶ Proposed development timelines should be 25% less than current Upper Willamette Valley development timelines

The RFP process included two digital Q&A sessions led by the MMHF and the NWHC. Additionally, the team hosted a workforce housing solutions summit in Newberg to educate stakeholders about possibilities, and to connect potential proposers with each other. The event was pivotal in ensuring a robust RFP response, AND in bringing community stakeholders onboard.

# NEWBERG WORKFORCE HOUSING SOLUTIONS SUMMIT

On April 5, 2023, the MMHF, SEDCOR, and the NWHC hosted approximately 50 attendees at Friendsview Retirement Community in Newberg. The MMHF brought the idea for the summit to the table to encourage conversations about housing solutions for the missing middle target, create potential partnerships for the RFP process in Newberg and beyond, and influence key stakeholders to come to the table with potential assets that could be leveraged.



MMHF Co-Founder and CEO, Nathan Wildfire, facilitates a group session at the Newberg Housing Solutions Summit.

The MMHF also brought capacity to lead the summit and helped craft the structure and content for the day, including the agenda, facilitator guides, and run of show. The day began with an overview of the housing underproduction crisis in Newberg, a brainstorming of potential solution areas and an afternoon breakout into self-selected working groups to develop a more detailed approach to solutions.

Participants included representatives from Newberg and points beyond the Willamette Valley, developers and contractors, economic development professionals, employers, and housing innovators of all kinds. The diversity of the attendees contributed to engaged and robust dialogue, and the formation of three working groups to continue the work. “I overheard folks in breakout groups approach a topic from different viewpoints and end the conversation agreeing to meet to further vet out one of their ideas. For me, that was the real success of the event – breaking down silos amongst collaborators and identifying future change makers,” said Abisha Stone.

Three priorities emerged from the day:

1. Engage Newberg’s neighboring cities to come together to advocate for state policy change to encourage, speed, and lower the cost to develop workforce housing.
2. Develop financing tools to support workforce housing creation.
3. Develop funding mechanisms to support workforce housing innovation companies, their product development, and research and development.

Working groups were established to keep the momentum going in these key areas of policy reform, financing, and product innovation. Additionally, the event further strengthened emerging partnerships for the RFP. As an example, Edlen & Co. and Quantum Assembly formalized their intent to submit a joint proposal. “We realized our missions were perfectly aligned with what the Consortium was trying to do – approaching workforce housing development differently,” said Ryan Olsen, CEO and Founder of Quantum Assembly. “There was a clear commitment from the Consortium, and the City, to get things done – an attitude that was not as apparent in bigger cities like Portland,” Olsen added.

It also set the stage for an eventual financing solution that the NWHC created to close the gap on pre-development financing in the form of a revolving investment fund, described later in further detail.



A working group brainstorms on key workforce housing solutions in Newberg on April 5, 2023.

# RFP SUBMISSIONS AND EVALUATION

The deadline for RFP submissions fell on April 21, 2023. Seven teams submitted proposals, each representing a unique approach that stretched across product, financing, and community development. The MMHF created a systematic approach for reviewing and evaluating each proposal. Reviewers included NWHC representatives, SEDCOR and MMHF staff, and development and design experts brought in by the MMHF.

A sample of proposed housing options received as part of the RFP process to create workforce housing in Newberg.

Interior of Quantum Assembly's modular prototype.



A cottage cluster from HumanKind Homes.



An example of proposed affordable workforce housing rental units from CD Redding and Pacific Crest Real Estate Advisors.



Criteria for proposal evaluation included:

## Cost Savings/Scale/ Replicability

Does this proposal save cost or time relative to other typical development projects and can the approach be scaled/repeated over time?

## Team Experience and Capacity

Does this team have the experience and know-how to deliver this proposal, and do they have resources in place to execute?

## Meets Newberg's Needs

Does this proposal demonstrate a good understanding of the local preferences and regulatory environment and make good use of the NWHC's dollars?

## Implementation Readiness

Does this team have a good understanding of the timeline and processes and can they move quickly?

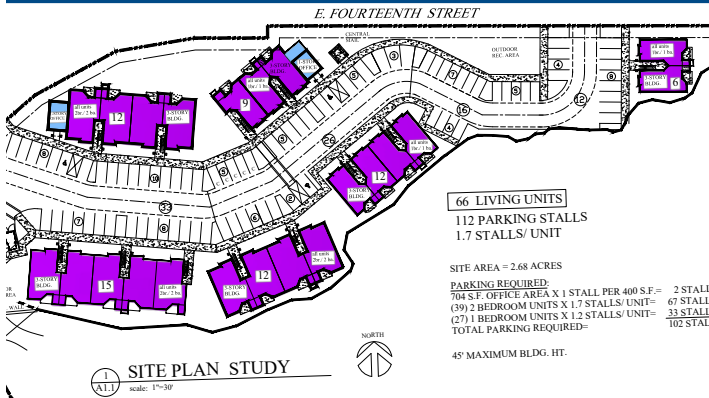
The team then selected three proposals to move forward to the interview stage, where each team had a dedicated slot to present their proposal in more detail and answer questions from the Consortium. In the end, the NWHC selected two proposals to move forward with funding. The MMHF will continue to provide technical assistance in moving the projects forward to construction.



# RFP WINNERS ANNOUNCED

In June of 2023, the winners of the RFP process were announced. The NWHC selected the following two ideas for slightly different, but complementary reasons.

## WINNER #1



Map of Willamette View apartment building site in Newberg, Oregon.

CD Redding Construction and Pacific Crest Real Estate Advisors, who proposed to build over 60 units of rental housing overlooking the Willamette River. The project was selected for the following reasons:

- ▶ The project represented a more tried and true approach (building materials and methods) and a sound level of implementation readiness
- ▶ The team was comprised of local developers and contractors and had an understanding of the city's needs
- ▶ The proposal leveraged an innovative financing approach
- ▶ The project provided larger scale immediately

## WINNER #2



Photo of Quantum Assembly's housing prototype.

The second winning team of Edlen and Co. and Quantum Assembly who proposed to build workforce housing using Edlen and Co.'s development expertise and Quantum Assembly's innovative prefabricated buildings. The project was selected for the following reasons:

- ▶ The project utilized an innovative product and assembly method (steel pre-manufactured panelized housing) that accelerated the time to build
- ▶ The team was looking for pilot implementation at small scale to learn lessons and then grow rapidly
- ▶ The proposal included an outside-the-box proposed bond financing mechanism
- ▶ The team represented newer partners to Yamhill County, but was ready to implement

## CREATION OF THE REVOLVING INVESTMENT FUND



Throughout the RFP process, it became clear to the Consortium that the greatest funding need was for pre-development costs. Since middle income earners make too much to qualify for traditional housing subsidies, but not enough to pay market rate rents and mortgages, there is a “gap” in workforce housing development budgets. Financiers, as a result, rarely commit to housing targeted for middle income earners, especially for predevelopment costs at the riskiest stage of the development process. On top of that, newer technologies, building materials, and assembly methods that might help close that financing gap represent even more risk, making the likelihood of securing predevelopment financing close to zero.

The MMHF, SEDCOR, and the NWHC discussed the potential of creating a revolving investment fund with the \$3M in state funds that would be used to help finance pre-development costs for workforce housing projects. By making the carrying costs for predevelopment loans cheaper, it could increase the overall margin capture for a middle-housing developer, and incentivize more of this type of construction. The MMHF took the lead on researching how to best structure this fund, seeking advice from banking, legal, and development partners. A subcommittee of the NWHC provided review and feedback.

After several months, the Workforce Housing Investment Fund (WHIF) was launched in August of 2023. The fund is managed by the MMHF with guidance from the NWHC. The WHIF intends to support the winners of the RFP process first, before considering other projects. The plan is for a return on investment to be delivered back to the fund through home sales or rental income and the desire is to ensure that workforce housing can be funded and scaled over time as the investment fund continues to increase through returns and new investments.

Representative Scharf added, *“This money will continue to reinvest itself over time, which is the most exciting part.”*

Importantly, SEDCOR, which launched and provides organizing capacity to the NWHC, secured State funding, and brought in the MMHF, will maintain a financial interest in the investment fund, enabling them to continue providing support.

As this Case Study is about to publish, the WHIF is organizing its governance and investment advisory committees and negotiating with the different development proposals about how best to provide gap financing.

## KEY TAKEAWAYS

Throughout SEDCOR's journey with the NWHC and MMHF, several key takeaways have emerged that can serve as best practices for any organizations or municipalities who may want to adopt a similar public private partnership approach to creating more workforce housing.

*"SEDCOR's leadership brought organization and relationships with the area's employers to the table. It also had the connections that led to the award of \$3M from the state."*

– Todd Engle, Friendsview

### FIND A LOCAL, TRUSTED ORGANIZING CAPACITY TO LEAD

As the economic development agency for Newberg and Yamhill County, SEDCOR was uniquely positioned to lead this initiative and unite the public and private sectors. SEDCOR had the business relationships in place to facilitate the conversations and assess participation interest from Consortium members. Additionally, they were able to elevate the Consortium's efforts with local and state government officials, who ultimately championed the state funding request.

### BE DELIBERATE ABOUT WHO IS INVITED TO THE TABLE

It is important to form a team with complementary backgrounds, strengths, and resources who are willing to commit to the process and stay engaged. The Consortium benefited from members who came from a breadth of industries with different functional backgrounds in strategy, leadership, finance, communications, and project management. The group discussed potential investments of land and financial resources. These are the kinds of conversations that can lead to potential solutions.

*"Everyone cared about their employees...and really cared about Newbergians, and that makes a big difference."*

– Vicki Piersall, George Fox University

*"If we can bring 20 or 30 housing units to Newberg, that's 30 more than we had before. It has been great connecting with other agencies and building relationships with other employers in the area that I wouldn't have had otherwise. It makes conversations on housing and other pressing issues, like daycare, easier to have."*

– Steve Phillips, Newberg City Schools

### INVEST IN DEVELOPING RELATIONSHIPS

Consortium members attribute their collaboration progress and success to their relationships with each other. Spending time early in the process to better understand the background and needs of those you are collaborating with is essential for building trust. This creates a level of transparency that is required for structuring business initiatives and potentially combining resources or capital to invest in workforce housing solutions.

*"It is important to be up front with stakeholders and government leaders about what barriers are in place that they can help address or remove. You need to be cognizant of what you are asking them to do."*

– Jordan Beanblossom, A-dec

### INFORM & ENGAGE CITY LEADERSHIP

City participation is critical. The NWHC has benefitted from "boots on the ground" expertise in the form of Community Development Director Doug Rux; but has also welcomed participation from two consecutive mayors and multiple city council members. Rux brought knowledge about available land, ownership, and building and zoning codes. The elected officials have brought legitimacy to the process and can bring together various city departments.



*“When Representative Scharf was able to help allocate \$3M from the state to benefit Newberg, that was the catalyst. Before we were just having conversations, but now we had something tangible to bring to the table.”*  
– Doug Rux, City of Newberg

## CASH IS A CATALYST

Although the Consortium had been meeting for several years prior to the \$3M award, the group’s focus and actions became much more deliberate with cash in hand. Securing flexible capital should be part of the conversation from the beginning. It enabled MMHF to be hired, served as “carrot” for creative project teams, and ultimately was organized as a revolving investment fund.

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## ACKNOWLEDGE THE EXPERTISE YOU NEED

SEDCOR and the NWHC recognized that they were not experts in housing. They required assistance from the MMHF to bring that capability to the table. The MMHF brought a network of innovative public and private partners in finance, development, and product design to create new solutions along with a process and approach for evaluating the Consortium’s best options. Their continued participation is now leading to the projects actually moving forward.

*“Having SEDCOR leading a group of big businesses and MMHF who brought the housing industry expertise was imperative – it allowed us to keep adding new ingredients until we found the right mix”*

–Todd Engle, Friendsview

*“The relationships we have made during this process have been transformative. The people we have met have seen our product and can talk about how we are able to uniquely meet the demand for workforce housing in Newberg and Yamhill County. We now have their support to keep moving our efforts forward.”*  
– Ryan Olsen, Quantum Assembly

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## ALLOW SPACE & FLEXIBILITY FOR INNOVATION TO HAPPEN

The RFP process was deliberately made flexible with few strings attached. This enabled proposers to find partnerships that were out of the box and structure a solution that worked for them. In the end the two winning teams brought together an approach that was more impactful than any solution developed alone.

For any questions related to this case study, please contact:



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