



# Oregon

Governor Kate Brown

## Oregon Housing Stability Council

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March 4, 2016

### Oregon Housing Stability Council Meeting Minutes

Chair Dickson called the meeting to order at 9:04 a.m. and asked for the roll call.

Roll was called and is reflected in the table below:

Council member	Present	Excused
Mayra Arreola		X
Tammy Baney		X
Mike Fieldman	X	
Zee Koza	X	
Marissa Madrigal		X
Adolph "Val" Valfre	X	
Chair, Aubre Dickson	X	

#### **Public Comment:**

Chair Dickson opened the meeting for public comment.

From the phone:

**Ruth Adkins** (Oregon Opportunity Network): provided comment on the LIFT program and the proposed plan B included in the published documents. Ms. Adkins wanted to find out if homeownership would be an option included in the other proposals for LIFT.

From the room:

No comments were offered.

#### **Draft meeting minutes for approval:**

The meeting minutes from the February 5, 2016 meeting were distributed to Council members prior to the March 4, 2016 meeting and edits received were incorporated into the document presented to the Council for approval on 3/4/16. Chair Dickson asked Council members for any questions or additional edits. Receiving none, Chair Dickson then called for a motion to approve the meeting minutes. Councilmember Valfre made the motion and Councilmember Madrigal seconded the motion. Chair Dickson then called for a vote.

#### **February 5, 2016 Meeting Minutes:**

Council member	Motion	Yes	Nay	Abstain	Absent
Mayra Arreola					X
Tammy Baney					X
Mike Fieldman		X			
Zee Koza	2 <sup>nd</sup>	X			
Marissa Madrigal					X
Adolph "Val" Valfre	✓	X			
Chair, Aubre Dickson		X			

**Vote: 4:0:0:3 | PASS**



**Residential Loan Program Consent Calendar – Kim Freeman, Single Family Section Manager**

Ms. Freeman presented an overview of the two residential loans up for approval on the consent calendar. Chair Dickson then called for questions or comments from the Council, receiving none, he then called for a motion.

Councilmember Koza moved to approve the consent calendar and Councilmember Valfre seconded the motion. Chair Dickson then called for a vote.

Council member	Motion	Yes	No	Abstain	Absent
Mayra Arreola					X
Tammy Baney					X
Mike Fieldman	2 <sup>nd</sup>	X			
Zee Koza	✓	X			
Marissa Madrigal					X
Adolph “Val” Valfre		X			
Chair, Aubre Dickson		X			

**Vote: 4:0:0:3 | PASS**

**Home Ownership Workgroup \ HOAP Allocation Recommendation Approval – Kim Freeman, Single Family Section Manager**

Ms. Freeman remained at the table and had Shannon Vilhauer the Executive Director of Habitat for Humanity of Oregon. Ms. Vilhauer was a member of the ad hoc workgroup formed to consider the HOAP allocation recommendations. Ms. Freeman provided a summary of the work of the ad hoc workgroup and the allocation recommendation. Ms. Vilhauer provided a summary of her participation on the ad hoc workgroup and her appreciation for being included in the workgroup.

Chair Dickson called for comments or questions from the Council. Councilmember Valfre said he appreciated the composition of the workgroup and that they were able to come to a unanimous decision for the recommendation. Chair Dickson also offered his appreciation for the work done by the ad hoc workgroup.

Chair Dickson asked about the \$150,000 used for innovation mentioned in the report. He wanted to know how much money is usually allocated for innovation. Ms. Freeman answered by telling the council that there is usually \$300,000 allocated per biennium for innovation. Chair Dickson also asked if all of the funds have been awarded and Ms. Freeman told him that yes the money had been awarded.

Chair Dickson then asked what had been the result over the past several years from the funds allocation for innovation. Ms. Freeman noted the biggest need which came up was addressing needed repairs. Chair Dickson then asked Ms. Freeman when the new allocation methodology would be put into place. Ms. Freeman let Chair Dickson know it would be in place by the 2017-19 biennium.

Chair Dickson then asked for the motion. Councilmember Fieldman moved to accept the proposal as presented by Ms. Freeman, Councilmember Valfre seconded the motion. Chair Dickson then called for a vote.

Council member	Motion	Yes	No	Abstain	Absent
Mayra Arreola					X
Tammy Baney					X
Mike Fieldman	✓	X			
Zee Koza		X			
Marissa Madrigal					X
Adolph “Val” Valfre	2 <sup>nd</sup>	X			
Chair, Aubre Dickson		X			

**Vote: 4:0:0:3 | PASS**

**Multifamily Bond Approvals (Hill Park) – Heather Pate**, Multifamily Finance Section Manager & **Casey Bauman**, Loan Officer

*Councilmember Mayra Arreola joined the meeting for this item at approximately 9:23 a.m. Chair Dickson declared a possible conflict of interest and abstained from the vote and discussion of the Multifamily Bond Approval for Hill Park Apartments. Councilmember Fieldman stepped in as acting Chair to facilitate the Council through this discussion.*

Casey Bauman provided an overview of the Hill Park project under consideration for approval by the Council. Mr. Bauman opened the floor for questions or comments from the Council. Councilmember Koza offered her thanks for the attention to and depth of resident services offered through this agreement. Councilmember Fieldman asked how the management company deals with residents whose behavior may become unstable and disruptive to other residents. Ms. Maura Lederer from Central City Concern said that the intent of this project is to fill the vacancies with graduates from their treatment programs (from rehab to employment to mentorship). She believes all residents and staff on site will have a keen awareness and be able to spot troublesome changes in behavior which may need intervention. The manager and resident services provider will be up to speed on any issues or concerns about the residents and can intervene if necessary. Councilmember Fieldman asked if CCC dealt with addictions much. Ms. Lederer said yes they do and they have a lot of experience with addictions. Councilmember Valfre asked about preference given to workforce tenants. Ms. Lederer said that they would actively work with those tenants who are in the workforce or seeking to be a part of the workforce.

Councilmember Valfre moved to approve the Hill Park bond as outlined on page 18 of the meeting packet. Councilmember Koza seconded the motion. Acting Chair Fieldman called for a vote. At the conclusion of the vote, Councilmember Arreola rang off the phone and exited the meeting. Acting Chair Fieldman then returned the meeting to Chair Dickson.

Council member	Motion	Yes	No	Abstain	Absent
Mayra Arreola		X			
Tammy Baney					X
Mike Fieldman		X			
Zee Koza	2 <sup>nd</sup>	X			
Marissa Madrigal					X
Adolph “Val” Valfre	✓	X			
Chair, Aubre Dickson				X	

*\*Chair Dickson declared a possible conflict of interest and abstained from the vote and the discussion of this topic.*

**Vote: 4:0:1:2 | PASS**

**2016 QAP Approval – Julie Cody**, Assistant Director, Housing Finance & **Natasha Detweiler**, Housing Finance Analyst

Ms. Cody provided an overview of the updated 2016 QAP which was included in the meeting packet. Ms. Cody is seeking approval from the Council to move the 2016 QAP to the Governor’s office for approval and signature. Ms. Cody opened the floor for questions and comments from the Council.

Councilmember Koza moved to approve the final 2016 QAP as presented today and authorizes OHCS to forward the document to the Governor for signature, Councilmember Fieldman seconded the motion.

Councilmember Koza expressed her appreciation for all of the hard work it took to complete the QAP. Councilmember Valfre expressed his appreciation for the OHCS staff and for the stakeholder side as well. Chair Dickson asked about the difference in appraisals between 4% and 9% LIHTC. Ms. Cody explained to the Council the difference between the two. 4% LIHTC transactions the appraisal is due 90-days before closing. 9% LIHTC transactions there is a regulation which requires the appraisal be included in the application and OHCS has allowed the appraisal to be submitted 90-days after reservation and must be submitted before OHCS can move forward with the application. Chair Dickson getting a briefing at a future Council meeting about the Olmsted plan. Chair Dickson also expressed his appreciation for the work that was done to complete the 2016 QAP.

Chair Dickson opened the floor for comments on the 2016 QAP. No one stepped forward to comment. Chair Dickson reminded the Council of the motion which was made at the beginning of the discussion: approve the final 2016 QAP and authorize forwarding the document to the Governor for signature.

Chair Dickson then called for the vote.

Council member	Motion	Yes	No	Abstain	Absent
Mayra Arreola					X
Tammy Baney					X
Mike Fieldman	2 <sup>nd</sup>	X			
Zee Koza	✓	X			
Marissa Madrigal					X
Adolph “Val” Valfre		X			
Chair, Aubre Dickson		X			

**Vote: 4:0:0:3 | PASS**

**2016-2020 HUD Consolidated Plan – Shoshanah Oppenheim**, Federal Planning & Policy Manager

Ms. Oppenheim provided an overview for the Council members.

Councilmember Fieldman asked how much money would be coming to Oregon. Ms. Oppenheim told the Council that she expected Oregon to receive about \$3,000,000.

Director Van Vliet added that Ms. Oppenheim provided a link to the Con Plan to the Council members so they could review it prior to the meeting and the Con Plan was not included in your meeting packet.

Councilmember Valfre expressed his appreciation for the work Ms. Oppenheim has done on the Con Plan and her work with stakeholders and workgroup members as well. Feels all critical areas were addressed by Ms. Oppenheim.

Councilmember Koza moved to submit the plan to HUD and Councilmember Valfre seconded the motion. Chair Dickson called for the vote.

Council member	Motion	Yes	No	Abstain	Absent
Mayra Arreola					X
Tammy Baney					X
Mike Fieldman		X			
Zee Koza	✓	X			
Marissa Madrigal					X
Adolph "Val" Valfre	2 <sup>nd</sup>	X			
Chair, Aubre Dickson		X			

**Vote: 4:0:0:3 | PASS**

**Oregon Homeownership Stabilization Initiative – *Betty Merrill***, OHSI Administrator

Ms. Merrill provided a briefing for the Council of the OHSI program since 2006. She also provided an overview of the potential US Treasury grant. Please reference the updated OHSI memo by clicking [here](#).

The focus for the Hardest Hit Funds is for distressed housing. Ms. Merrill plans to return with an update for the Council in a few months.

Director Van Vliet gave her thanks to Ms. Merrill for all of her extended work over the past few weeks to get OHCS in a position to complete the application process with US Treasury.

Next steps in the process:

1. Obtain permission from the Legislature to apply for the funds
2. Ask the Legislature for position authority to staff the program
3. Complete the application and submit to US Treasury
4. Go before the Legislature in May during the E-Board process
5. Creating a budget which will cover full cost of operating the program

Big kudos were given to Ms. Merrill and her team for all of their hard work in preparing the application; they are down from a staff of 42 to just 5.

Councilmember Valfre asked what the unmet need for distressed housing is in Oregon. Ms. Merrill said Oregon still has pockets of need; those with a negative equity in their homes or those living in communities which are still trying in economic recovery or those who simply left the job market during the down-turn and have now reentered at a lower wage.

Chair Dickson asked Ms. Merrill to outline the criteria for making an application for assistance to the two major funds (loan preservation & mortgage assistance). Ms. Merrill told the Council the criteria for application are:

1. Mortgage assistance – underemployed (25% reduction in income) or unemployed (show us you are on unemployment). Serving those who are self-employed (show a demonstrated loss of 10% over a two-year period). Currently trying to expand the criteria in cooperation with US Treasury.
2. Loan preservation – homeowner must demonstrate they can make the monthly mortgage payment (up to 45% of income). A base year must be identified by using tax records.

Ms. Merrill encouraged the Council members to visit the OHSI [webpage](#) and view quarterly reports submitted to US Treasury and program annual financial audit reports.

**HUD Contract Administration (HCA) §8 – Rhonda Crawford**, Housing Stabilization Section Manager

Ms. Crawford provided an overview of the HCA program for the Council. Please reference the presentation by clicking [here](#). Ms. Crawford provided information on Section 8 programs, administration of the contracts, contract history & future and core tasks.

Director Van Vliet expressed her thanks to Rhonda and her team on the administration of this program.

Councilmember Fieldman asked how Ms. Crawford and her team can respond within one hour to recorded complaints. Ms. Crawford provided some additional details about how trouble calls are addressed by her team.

The one-hour response time is based on working hours of 8am-5pm. Any call which comes in outside of the normal business hours is addressed at the start of the next business day.

Councilmember Valfre asked where the properties were located. Ms. Crawford informed the Council that there are properties located across the state; with many located in rural areas with some concentrations in Portland, Salem, Eugene and Medford.

Councilmember Koza requested a map with property locations be included the next time Ms. Crawford presents to the Council.

*Chair Dickson dismissed the meeting for a 5 minute break.*

*Chair Dickson reconvened the meeting at approximately 10:40 a.m.*

**Asset Review and Rating System – Ryan Miller**, Asset Management & Compliance Manager & **Alfred Bookman**, Special Projects Manager, Housing Finance Division

Mr. Miller & Mr. Bookman provided an overview for the Council. Please reference the presentation by clicking [here](#).

Mr. Miller provided an overview of the entire OHCS loan portfolio (page 3 and 4 of the presentation). Mr. Bookman provided an overview of the risk rating system and the specifics of how assets are risk rated (pages 7-10).

Councilmember Valfre asked about the definition for high risk. Mr. Bookman responded that the risk occurs on the financial side of the equation not the property side.

Councilmember Fieldman asked about the actual period of time for the loans. How long does the risk period last, is it finite or for the life of the property? Mr. Miller informed the Council the period was 20 years. A project can move from high risk to low risk over the life-span of the financial loan.

Key to the rating analysis of each asset: An analyst cannot get a rating for an asset without answering a question in each of the 5 areas for analysis (please reference slide 10 for a summary of the five areas).

Councilmember Fieldman asked what the acronyms DISH, HDS and LIPS stand for. Mr. Bookman told the Council the three definitions:

1. DISH stands for Department's Information System for Housing and is a data system used by OHCS for the rating and analysis.
2. LIPS stands for Loan Information Processing System
3. HDS stands for Housing Development Software

Mr. Bookman also reviewed the classification legend with the Council (page 11 of the presentation).

Next Steps:

Review entire asset portfolio.

Chair Dickson appreciates the effort to proactively manage the asset portfolio. Chair Dickson asked how the first batch of projects was selected to go through the rating analysis. Mr. Bookman told the council the first step was to inventory the entire portfolio and then they determined which parts of the inventory were the most “risky” and those were the ones they began with.

Chair Dickson also asked who is responsible for gathering the info, contacting the manager and tracking the action plan. Mr. Ryan told the Council that his workgroup is responsible.

Chair Dickson also asked if there was a section for comments to describe what is behind the numbers. Mr. Bookman, yes and that information is found in the entire report.

Councilmember Valfre thanked Mr. Miller and Mr. Bookman for their efforts and definitely provides a real focus on the good the agency is doing to manage their assets. He then asked if they would identify any data that they think may be missing. Mr. Bookman said he did not believe there was any data missing, but we are currently working on the quality of the data to speed the process.

**LIFT Program Update – Julie Cody**, Assistant Director, Housing Finance

Ms. Cody was joined at the presentation table by Natasha Detweiler. Ms. Cody is seeking advice and consent on several different items (found in the [presentation](#)) to assist in the process of finalizing the framework, and then move forward with crafting the NOFA.

Timeline:

Ms. Cody will be back before the Council in April and or May depending upon what can be approved or what may need additional work.

Page 3 of the presentation outlines the responsibilities of the Housing Stability Council for the LIFT program.

Consent areas:

1. Ownership/Operating Structure approach – the council agrees with the approach as outlined on page 4 of the presentation.
2. Construction standards & tradeoffs –
  - a. Require green building standards? – No, since you have a staff architect reviewing the standards for each project.
  - b. Additional constructions standards or defer to Director Van Vliet? – Yes, this would be fine.
3. Development & Implementation (modeling assumption) –

Councilmember Fieldman shared thoughts about whether or not there will be projects that meet the requirements being formulated in the framework and if the limitation on the subsidy level will impact project proposals for rural areas in Oregon. Maybe changing the \$32,000 to a target rather than setting a hard cap is the way to go. He stated his biggest concern was getting the units produced as quickly as possible. Director Van Vliet mentioned that the bill calls for the Council to set targets rather than establish a hard cap. Chair Dickson said he liked the value per unit as a measure, but he is not sure about the \$32,000 amount. He offered some additional strategies for reducing costs: SDC waivers, impact waivers, property tax exemptions.

Director Van Vliet added some additional clarity about the funding per unit modeling used by OHCS. What OHCS did was show modeling that is representative of a typical deal. Chair Dickson said it might be a good idea to set a range and then have tiered scoring based on how close you come to the acceptable range. Councilmember Fieldman said that he thought we needed to remember the urgency expressed by the legislature as a way to inform the decisions made for the LIFT program.

Ms. Cody told the Council that she and her team used industry data from 2015 to create the chart on page 7 and the percentages shown on page 8 come from the legislation passed in February. Ms. Cody explained that the potential ownership for the state would match the percentage of subsidized units in any given project.

4. Need formula – as outlined on page 10 of the presentation.

Suggestions from the Council:

Include rent burden – Chair Dickson. Ms. Cody told the Council that rent burden would be included in the criteria.

Childhood trauma – Chair Dickson. Director Van Vliet told the council that OHCS would defer to DHS about this particular criteria definition.

Ms. Cody asked the Councilmembers to think about additional criteria they would like to see and forward that information to her. She also wanted to know if the Council wanted to place limitations on the number of units in any given county.

Suggestions from the Council:

Production of the most units – Chair Dickson.

Be aware of unintended consequences that could occur if all units were built in one county – Councilmember Fieldman

5. Rural Communities– as outlined on page 13 of the presentation.

Councilmember Fieldman wants to strongly suggest that the Council approve the second suggestion for the definition of community size.

6. Communities of Color – as outlined on page 14-16 of the presentation.

Ms. Cody asked for additional strategies or changes to the definitions. Councilmember Fieldman wondered if we should also include Tribal communities.

7. Outreach plan – as outlined on page 17.

Ms. Cody asked the Council for additional suggestions for outreach. No suggestions were given.

8. Cost saving concepts – as outlined on page 18.

Councilmember Fieldman suggested other ideas: Job Corps, Youth Build, and Union apprenticeship programs.

9. DHS partnership for LIFT – as outlined on page 19.

Councilmember Valfre asked who would be doing the screening and follow-up with residents. Ms. Cody said she would check with DHS to determine criteria.

Chair Dickson wanted to know if DHS would be responsible for the ongoing support of the residents. Director Van Vliet said that the answer from DHS would be yes, but OHCS will reach out to confirm.

10. Plan B Scenario – as outlined on page 20 of the presentation.

Councilmember Fieldman is fine with having a general idea for a Plan B.

Ms. Cody then outlined the next steps to finalize the LIFT Framework. The Council likes the proposed timeline.

Public Comment –

Shannon Vilhauer (Habitat for Humanity of Oregon) – requested that the LIFT Framework consider the priority and definition for communities of color and how that is addressed. Consider a mix of generations in one unit; consider alternative sources of credit and credit scores. Ms. Vilhauer requested that the definition of communities of color be reflected in the program design.

Julia McKenna (Intern with LCD) – she is looking for feedback from the Council members as part of her project at LCD. Director Van Vliet offered to meet with Ms. McKenna offline to discuss her request.

**Multifamily Gap Resources – Julie Cody**, Assistant Director, Housing Finance

Ms. Cody's goal is to educate the Council and provide some background information. She then will come back in April and ask for assistance on how to disperse funds in the future. No decisions today.

Ms. Cody reviewed the memo which was included in the meeting materials packet. One of the objectives of this work is to provide some additional predictability to our partners to allow them to better plan their future applications.

Councilmember Fieldman asked if construction defects would be included. Ms. Cody said those would be included in small projects. Councilmember Fieldman asked about the possibility of lottery backed funds in the future. Director Van Vliet said that OHCS would be looking at this during the upcoming budgeting process.

**Report from Director Van Vliet**

Director Van Vliet updated the Council on the following.

1. Housing Stability Council work plan. The goal of OHCS is to provide the Council with a high level view of those items they need to approve; provide you with policy briefings and program area briefings and position them to guide the Statewide Housing plan. We plan to also invite industry experts to address the Council. Director Van Vliet asked for other suggestions from the Council. Some suggestions she has received are:
  - a. Maintain alignment with the rest of state government
  - b. Bring in an early-learning HUBS/Education expert to address the Council
  - c. Councilmember Valfre has appreciated the program briefings and would like them to continue. He would like to have the COOs included on the work plan.
2. Retreat sometime in the fall possibly in September to dive deeper into items on the work plan.
3. April 1, 2016 meeting will be in Portland.
4. May 6, 2016 will be in Bend. Tours on 5/5 in Prineville and Redmond.

OHCS wants to provide the hardcopy for Councilmembers prior to the meeting. We are trying to limit the number of papers on the table for the Council. Chair Dickson asked the Council members if they appreciated getting the complete packet a week prior to the meeting. The consensus answer was yes they like getting the entire packet.

Celebrating the end of the legislative session; it was a very good session for housing.

