

Housing Stability Council

MEETING MATERIALS PACKET



Providence Dethman Manor
Hood River Oregon

July 8, 2016

9:00 a.m. – 1:00 p.m.

Oregon Housing and Community Services

Conference Room 124 A&B

725 Summer St NE, Salem OR 97301



Oregon

Governor Kate Brown

Housing Stability Council

Oregon Housing and Community Services
725 Summer St. NE, Suite B
Salem OR 97301-1266
PHONE: 503-986-2000
FAX: 503-986-2020
TTY: 503-986-2100

Council Members:

Aubre L. Dickson, Chair
Mayra Arreola
Tammy Baney
Michael C. Fieldman
Anna Geller
Zee D. Koza
Marissa Madrigal
Adolph "Val" Valfre, Jr.

AGENDA

July 8, 2016

9:00 a.m.-1:00 p.m.

Oregon Housing and Community Services, Room 124 A&B
725 Summer St NE, Salem OR 97301

Call-In: 1-877-273-4202; Participant Code: 4978330

	CLOCK	TOPIC	ACTION
1.	9:00	Meeting Called to Order Roll Call	Call Roll
2.	9:05	Public Comment	Comment
3.	9:15	Draft Meeting Minutes May 6, 2016	Approval
4.	9:20	Multifamily Bond Approvals <i>Heather Pate, Multifamily Section Manager</i> <i>Daggett Townhomes, Teresa Pumala, Loan Specialist</i> <i>Moonlight Townhomes, Teresa Pumala, Loan Specialist</i>	Approval
5.	10:00	Agency Request Budget <i>Caleb Yant, Chief Financial Officer</i>	Report
6.	11:00	Health and Housing Study <i>Amanda Saul, Senior Program Director, Enterprise Community Partners, Inc.</i>	Report
7.	11:30	OHA Overview <i>Lynne Saxton, Director, Oregon Health Authority</i>	Report
8.	12:00	LIFT Progress Update <i>Julie Cody, Assistant Director, Housing Finance</i>	Report
9.	12:15	Report of the Interim Director	Report
10.	12:30	Report of the Chair	Report
11.	12:45	Meeting Adjourned	





June 3, 2016

Oregon Housing Stability Council Meeting Minutes

Chair Dickson could not join the meeting in person so he asked Councilmember Madrigal to serve as chair for the June 3, 2016 meeting.

Acting Chair Madrigal called the meeting to order at 9:05 a.m. She then asked for the roll call.

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

*Chair Dickson and Councilmember Fieldman both joined the meeting by phone.

**Councilmember Geller joined the meeting in progress at approximately 9:15 a.m.

Public Comment

Acting Chair Madrigal opened the meeting for general public comment. No one stepped forward on the phone or in the room to provide public comment.

Draft meeting minutes for approval

The meeting minutes from the May 6, 2016 meeting were distributed to Council members prior to the June 3, 2016 meeting and edits received were incorporated into the document presented to the Council for approval on 6/3/16. Acting Chair Madrigal asked Council members if they had any questions or additional edits for the meeting notes.

Councilmember Valfre said it was great to be able to look back on the great trip to Bend when reading over the meeting notes.

Councilmember Koza moved to approve the meeting minutes and Councilmember Valfre seconded the motion. Acting Chair Madrigal then called for a vote.

March 4, 2016 Meeting Minutes:

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

Vote: 4:0:1:2 | PASS



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

Ms. Freeman presented an overview of the three residential loans up for approval on the consent calendar. All three of the loans up for consideration meet all of the OHCS requirements. Two properties are in Clackamas County and one is in Multnomah County. Ms. Freeman highlighted the lot size for the property in Molalla and translated the square footage into acres for the Council. The acreage for this property is: 2.14 acres. Ms. Freeman then asked for any questions about the loans being considered today. There were no questions. Acting Chair Madrigal called for the motion.

Councilmember Valfre moved to approve the consent calendar as presented and Councilmember Koza seconded the motion. Acting Chair Madrigal then called for a vote.

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

Vote: 5:0:0:2 | PASS

***Councilmember Geller joined the meeting in progress at approximately 9:15 a.m. Acting Chair Madrigal welcomed Councilmember Geller to the meeting.*

Housing Trust Fund (HTF) – Julie Cody, Assistant Director, Housing Finance

Ms. Cody reviewed the timeline deadlines and the allocation recommendation from the OHCS Housing Finance Division.

Acting Chair Madrigal asked what the total amount of HTF was. Ms. Cody said it was less than one billion dollars. The HUD announcement page can be viewed by clicking [here](#). You may also access HUD’s Housing Trust Fund program page by clicking [here](#).

Councilmember Valfre asked what the income distribution would have been if the amount had been more than \$1 Billion. Ms. Cody said it would have been 75% of the units would be at 30% Area Median Income (AMI) and 25% would have been at 50% AMI.

Before asking for the motion, Acting Chair Madrigal officially welcomed new Councilmember Anna Geller to the meeting and to service on the Housing Stability Council.

Acting Chair Madrigal then asked for a motion. Councilmember Valfre moved to amend the 2016-2020 Consolidated Plan consistent with the guidance and regulations of the United States Department of Housing and Urban Development and the Housing Trust Fund Allocation Plan. Councilmember Koza seconded the motion. Acting Chair Madrigal then called for a vote.

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

Vote: 6:0:0:2 | PASS

Single Family Homeownership Center RFA Awards Report – *Kim Freeman, Single Family Section Manager*

Ms. Freeman reviewed the recent RFA to provide Homeownership centers for three open counties (Lincoln, Malheur & Harney).

Key components of coverage requested were:

- ♦ Pre-purchase homebuyer education
- ♦ Financial coaching & pre-purchase homebuyer counseling
- ♦ Financial literacy education
- ♦ Homeowners produced out of the centers

With this RFA all 36 counties will now be served by a homeownership center.

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

Ms. Cody provided a quick overview of the proposed timeline for the upcoming NOFA issue for the LIFT program. Ms. Cody and her team in Housing Finance expect the following milestones for the LIFT NOFA:

- ♦ NOFA issued in late August or early September
- ♦ Awards presented for approval to the Council in December or January
- ♦ The Bond sale is scheduled to occur in February 2017 (moved up from April 2017)

Councilmember Valfre asked about the 9% NOFA timelines;

Ms. Cody informed the Council that all of the NOFAs are currently with DOJ for review and approval. Ms. Cody expects to release the NOFAs between June 17th and 30th.

Councilmember Geller asked if the Council would be able to review the scoring and questions for the NOFA. Ms. Cody told the Council that OHCS does not typically release the scoring and/or questions prior to the release because it may give someone an unfair advantage. The scoring and questions will be derived from the LIFT framework which was approved at the May 6th Housing Stability Council meeting.

Acting Chair Madrigal suggested it would be good for the Council to be given a refresher on Public Procurement and the laws and statutes which govern the process. The Council needs to know how to keep the process clean, what is okay to disclose, what the boundaries are, etc.

Interim Director Seguin asked Councilmember Geller to bring any questions she may have to OHCS staff for clarification about the approved LIFT framework. The LIFT framework directs OHCS directly about what needs to be done.

Dani Ledezma from the Governor's office thanked Ms. Geller for expressing her concerns. The Council recommendation which was approved at the May 6th meeting is the final word on the framework. For the sake of getting units on the ground it is important to get the RFP out as soon as possible.

To provide clarity on the next steps for the LIFT program, Acting Chair Madrigal said the next time the LIFT program will be before the Council will be when the Council is asked to vote on the recommended projects. Ms. Cody confirmed this as the next step for the Council.

Councilmember Koza said she would like to see OHCS move forward as quickly as possible. She then asked if there was anything else needed from the Council to assist with the LIFT program. Ms. Cody told the Council they have done everything they have been asked to do and all that is required of them based on the bill which was passed during the February session.

Ms. Cody told the Council members they were welcome to call her at any time to ask questions about the LIFT program.

Agency Request Budget Update – Caleb Yant, CFO

Mr. Yant provided a high-level overview of the budget process for OHCS and a check-in on where the agency is in the process. He outlined the Policy Option Packages (POP) the agency would be putting forward and details can be found in the Agency Request Budget update memo. Please click [here](#) to view the memo.

As a reminder the POPs are the way an agency can do something different from what was included in a prior budget. Items which can be asked for are staffing, new programs, etc.

Acting Chair Madrigal asked if the requests being made were for new funds or for existing funds being used in new ways. Mr. Yant told the Council the POPs presented today are for new funds.

Mr. Yant reviewed the staffing and program requests included in the memo.

Acting Chair Madrigal asked if the POPs in the document were in priority order. Mr. Yant said they were not.

Councilmember Koza asked what the top priority for OHSC was. Mr. Yant said he was not prepared to answer that today and he then asked what Councilmember Koza's priority would be.

Councilmember Koza said her priority was staffing for single family. Councilmember Dickson said his priority was for the data & research positions. Acting Chair Madrigal said her priority was for the LIFT program. Councilmember Geller noted LIFT as her priority as well.

Programs in the document:

- ◆ Elderly Rental Assistance
Councilmember Geller asked if the agency had the resources to distribute the assistance for this program. Mr. Yant said yes the agency has enough staff to administer this program.
- ◆ Oregon Homeownership Stabilization Initiative (all positions are limited duration)
- ◆ Oregon Volunteers (OV)
Councilmember Geller asked about the CASA program and how it would be impacted. Mr. Yant told her that the CASA program is not going away. The program could move to another agency in the future. The OV program is currently running under a budget shortfall.
- ◆ HUD Section 811
- ◆ LIFT

- ◆ Lottery Bonds for Preservation
Acting Chair Madrigal wanted to put in a pitch for Mobile Home parks. Councilmember Valfre said he thought that some of the POPs could require policy changes and then he asked if those items would be brought back to the Council. Mr. Yant told the Council the process is for OHCS to present recommendations for approval by the Council. Mr. Yant plans to bring those items back to the Council at the July 8, 2016 meeting.
- ◆ Oregon Foreclosure Assistance
- ◆ Housing Choice Landlord Guarantee
OHCS is asking for an amount to maintain the program at its current level.
- ◆ Rent Guarantee
Councilmember Valfre offered his thanks to the agency for putting this back into the budget. Councilmember Fieldman agreed.

Councilmember Koza offered her thanks to Mr. Yant for making his presentation so easy to understand. Councilmember Geller agreed and thanked Mr. Yant as well.

Acting Chair Madrigal asked if Mr. Yant could share the state forecast with the Council to help them understand the landscape and what to expect. Mr. Yant said that what he knows is that the state is facing a shortfall. Mr. Yant offered to bring more details about the state forecast to the next Council meeting.

Ms. Ledezma said that the Governor's office has asked the agencies to prepare several different budget scenarios/outlooks when going through the budget process. She thanked Mr. Yant and his team for their work in preparing those scenarios for OHCS.

Report from Interim Director Seguin

Ms. Seguin took the time to explain what she knows about the process for naming a new director for OHCS. There is no roadmap for how the new director will be selected. Ms. Seguin's plan is to stay the course and make sure the amazing work being done at OHCS continues uninterrupted. She plans to move the agency agenda forward.

Ms. Seguin plans to maintain calm and familiarity for the staff at the agency while OHCS goes through this transition.

Acting Chair Madrigal offered her thanks to Ms. Seguin for stepping into the Interim role. She also offered her support and the support of the rest of the Council through this time of transition. Councilmember Dickson also offered his support as well. He is looking forward to getting to know Ms. Seguin better.

Councilmember Geller also offered her support to Ms. Seguin. Councilmember Fieldman echoed the previous comments and welcomed Ms. Seguin to her role. Councilmember Koza said she is pleased with Ms. Seguin's plans to work with the Council and she believes the Council is in good hands with her. Councilmember Valfre also added his support to and for Ms. Seguin. Next month the Housing Stability Council will not be meeting on the regular day but a week later on July 8, 2016 (the second Friday).

For October the Housing Stability Council will be meeting in La Grande. OHCS staff plans to have regional partners come to present to the Council. The location for the meeting is: Blue Mountain Crossing in La Grande.

Councilmember Koza will host an open house at her home on Thursday, October 6th.

Report from Acting Chair Madrigal

Acting Chair Madrigal did not have a report, so she asked the newest Councilmember, Anna Geller to introduce herself to the Council.

Councilmember Geller expressed her desire to do good work for the agency and the state. She believes there are many ways to build affordable housing.

Acting Chair Madrigal adjourned the meeting at 10:20 a.m.



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www.ohcs.oregon.gov

To: Oregon State Housing Stability Council
From: Casey Baumann, Loan Officer
Heather Pate, Multifamily Housing Finance Section Manager
Date: July 8, 2016
Re: Daggett Townhomes, conduit bond funding request

BOND RECOMMENDED MOTION: Move to approve Pass through Revenue Bond Financing in an amount up to and not to exceed **\$3,500,000** to Daggett Townhomes, LLC for the construction of Daggett Townhomes, subject to the borrower meeting OHCS, Washington Federal Bank, and National Equity Fund underwriting and closing criteria, documentation satisfactory to legal counsel and Treasurer approval of the bond sale.

SUMMARY:

Project Sponsor Housing Works
Property Daggett Townhomes
Lot 6, Daggett Lane Subdivision
Bend, OR 97701
Owner Daggett Townhomes, LLC

Description Daggett Townhomes is a proposed 24 unit townhome project located in Bend, OR, that will provide housing for families at or below 60% AMI

Affordability

FUNDING SOURCE	# OF UNITS	% INCOME	% RENTS	# OF YEARS
LIHTC/Bond	24	60	60	30
OAHTC	18	50	50	20

Target Population

Workforce families at or below 60% AMI. Six units will be set aside for households with unique issues including complex medical conditions, risk of homelessness and loss of child custody

Environmental Review

A Phase 1 environmental review was completed and there are no recognized environmental conditions or issues on the site.



Finance Committee

Approval

June 21, 2016

FINANCING STRUCTURE:

Construction Lender Washington Federal Bank

Permanent Lender Washington Federal Bank

General Contractor Silco Construction

Equity Investor National Equity Fund

Project Financing

SOURCES:		USES:	
OHCS Sources:			
Tax Exempt Bonds (Long Term)	\$1,750,000		
Tax Exempt Bonds (Short Term)	\$1,750,000	Acquisition	\$145,000
Short Term Use of Bonds	(\$1,750,000)	Construction	\$3,421,631
4% LIHTC Equity	\$1,581,787	Development	\$1,535,495
GHAP Grant (Awarded in Sep. 2015)	\$1,222,205		
Non-OHCS Sources:			
City of Bend Affordable Housing Fund	\$498,134		
Deferred Developer Fee	\$50,000		
TOTALS		\$5,102,126	

Bond Structure

The total tax-exempt conduit bond amount is \$3,500,000; \$1,750,000 of which will be short-term, used for the construction of the project and the remaining \$1,750,000 will be long-term debt. Washington Federal Bank will be the construction and permanent lender.

Scope of Work (construction)

The proposed project will consist of 5 two-story residential buildings and one non-residential community building on a 1.31 acre parcel. There will be 10 two-bedroom and 14 three-bedroom units.

The construction of Daggett Townhomes will include elements that will add durability to the buildings and efficiency to the ongoing operation costs as well as minimizing utility costs to the residents:

- Additional wall and ceiling insulation
- Energy Star rated windows, appliances, HVAC and indoor and outdoor lighting
- Fiber cement siding and trim
- Low-flow plumbing fixtures
- Solid surface vinyl flooring (except in the bedrooms and stairs)
- Landscape irrigation controls, zoning, soil amendments and native plants
- Construction cost per unit is \$142,568 (\$131.17 per square foot)

Developer Fee

Total Developer Fee:	\$728,139	17.9% (maximum allowed \$813,460 @ 20%)
Deferred Developer Fee:	\$50,000	repayment projected within 3 years
Cash Developer Fee:	\$678,139	paid out based on % of project completion

Tenant Relocation

Not applicable, this is new construction

Operating Budget

Per IRC Section 42, the Sources, Uses and Operating Budget for this project have been reviewed. It has been determined that the Project is feasible and should remain financially viable for the tax credit affordability period.

Affordability Restrictions:

Unit Type	Number of Units	Percent Median Income as Adjusted for Family Size Will Not Exceed	Rents Not to Exceed the Following Percent of Median Income Described in the Most Current Table of LIHTC Program Rents Determined by OHCS
2 BR	10	60%	60%
3 BR	14	60%	60%

Operating Expenses: \$4,669 PUPA

The operating expenses are within the range we would typically see for similar properties.

Debt Coverage Ratio

- First full year of operations: **1.22** with OAHTC; **1.20** without OAHTC
- DCR at year end of loan term (year 20): **1.40** with OAHTC; **1.42** without OAHTC
- DCR at year **30: 1.50** (OAHTC expires at year 20)

The DCR is within our range of 1.15 to 1.35 and maintains a consistent DCR throughout the LIHTC affordability period.

Location, services, marketing and amenities

The bond programs are non-competitive and therefore Projects must meet only the minimum threshold program requirements and are not scored based on need and impact. The management agent and resident services plans have been reviewed and approved by OHCS Asset Management and Compliance.

Location

Daggett Townhomes will be located in the Daggett Lane Subdivision of NE Bend

- Ensworth Elementary School is directly to the north
- Deschutes Children’s Foundation East Bend Campus with the MountainStar Relief Nursery, Head Start, and Cascade Youth and Family are located next door
- ½ mile away from the Mosaic Main Bend Clinic, St. Charles Hospital and Bend Memorial Clinic
- 1.3 miles from a large shopping center
- Close proximity to Al Moody City Park and Pilot Butte State Park

Resident Services

The bond and 4% LIHTC programs are non-competitive and therefore Projects must meet only the minimum threshold requirements. The resident services plan has been reviewed and approved by AMC.

With the nature of the conditions and challenges of the populations served, Housing Works is working with organizations that have experience with these needs and is setting aside 6 units, which will receive rental assistance:

- Two units will serve households with complex medical issues that are receiving treatment from Mosaic Medical

- Two units will serve households involving family reunification with supportive case management and transitional rental assistance from NeighborImpact
- Two units will serve households who are homeless or at risk of homelessness with supportive case management and transitional rental assistance from NeighborImpact

There will be a community building for resident functions and a fitness facility.

Risks & Mitigating Factors:

There are no risks or mitigating factors as the Project is within OHCS guidelines and policies. Any exception to normal OHCS underwriting processes has been reviewed and approved by Finance Committee.

Conclusion

Based on the review of the Daggett Townhomes application materials submitted by the sponsor, it is recommended that the motions on page 7 be approved. The approval will be contingent upon the satisfaction of the lender and equity investor's underwriting and closing requirements.

**Conduit Bond/4% LIHTC/OAHTC Application Request
June 21, 2016
Daggett Townhomes**

Project Sponsor: Housing Works

Property: Daggett Townhomes
Lot 6, Daggett Lane Subdivision
Bend, OR 97701

Owner: Daggett Townhomes, LLC

Description: Daggett Townhomes is a proposed 24 unit townhome project located in Bend, OR, that will provide housing for families at or below 60% AMI

LIHTC Request: **\$146,476** in annual allocation of Low Income Housing Tax Credits (equaling \$1,581,787 net Investor proceeds to the project)

Bond Request: **\$3,500,000** in long and short-term Tax Exempt Conduit Bonds

OAHTC Request: **\$1,000,000** in Oregon Affordable Housing Tax Credits

Affordability:

FUNDING SOURCE	# OF UNITS	% INCOME	% RENTS	# OF YEARS
LIHTC/Bond	24	60	60	30
OAHTC	18	50	50	20

Target Population: Workforce families at or below 60% AMI. Six units will be set aside for households with unique issues including complex medical conditions, risk of homelessness and loss of child custody

LIHTC RECOMMENDED MOTION: Move to recommend to the Director the approval of a reservation of 4% Low Income Tax Credits to Daggett Townhomes, LLC for the construction of Daggett Townhomes, not to exceed the lesser of the amount the project is eligible to receive or **\$146,476** in annual allocation, subject to meeting the QAP and other conditions of award, with sponsor cash to remain in the project sources.

OAHTC RECOMMENDED MOTION: Move to recommend to the Director the approval of a reservation of Oregon Affordable Housing Tax Credits to Daggett Townhomes, LLC not to exceed \$1,000,000 for the permanent financing to be provided by Washington Federal Bank.

BOND RECOMMENDED MOTION: Move to recommend to the Director to move forward to Housing Stability Council approval of Pass Through Revenue Bond Financing in an amount up to and not to exceed **\$3,500,000** to Daggett Townhomes, LLC for the construction of Daggett Townhomes, subject to

the borrower meeting OHCS and Washington Federal Bank's underwriting and closing criteria and documentation satisfactory to legal counsel and Treasurer approval for the bond sale.

Finance Committee Date: June 21, 2016

Submitted by: Casey Baumann, Loan Officer

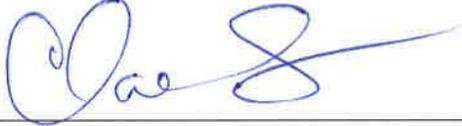
Finance committee Meeting:

Voting to Approve: ✓
Voting to Decline:
Absent:



Julie V. Cody, Finance Committee Chair

6.21.16
Date



Claire Seguin, Interim Director

6/22/16
Date





Oregon

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To: Oregon State Housing Stability Council
From: Casey Baumann, Loan Officer
Heather Pate, Multifamily Housing Finance Section Manager
Date: July 8, 2016
Re: Moonlight Townhomes, conduit bond funding request

BOND RECOMMENDED MOTION: Move to approve Pass Through Revenue Bond Financing in an amount up to and not to exceed **\$4,000,000** to Moonlight Townhomes, LLC for the construction of Moonlight Townhomes, subject to the borrower meeting OHCS, Washington Federal Bank, and National Equity Fund underwriting and closing criteria, documentation satisfactory to legal counsel and Treasurer approval of the bond sale.

SUMMARY:

Project Sponsor Housing Works
Property Moonlight Townhomes
Lot 5, Daggett Lane Subdivision
Bend, OR 97701

Owner Moonlight Townhomes, LLC

Description Moonlight Townhomes is a proposed 29 unit townhome project located in Bend, OR, that will provide housing for families at or below 60% AMI

Affordability

FUNDING SOURCE	# OF UNITS	% INCOME	% RENTS	# OF YEARS
LIHTC/Bond	29	60	60	30
OAHTC	22	50	50	20

Target Population Workforce families at or below 60% AMI. Six units will be set aside for households with unique issues including complex medical conditions, risk of homelessness and loss of child custody.

Environmental Review A Phase 1 environmental review was completed and there are no recognized environmental conditions or issues on the site.

Finance Committee Approval June 21, 2016



FINANCING STRUCTURE:

<u>Construction Lender</u>	Washington Federal Bank
<u>Permanent Lender</u>	Washington Federal Bank
<u>General Contractor</u>	Silco Construction
<u>Equity Investor</u>	National Equity Fund

Project Financing

SOURCES:		USES:	
OHCS Sources:			
Tax Exempt Bonds (Long Term)	\$2,090,000		
Tax Exempt Bonds (Short Term)	\$1,910,000	Acquisition	\$305,000
Short Term Use of Bonds	(\$1,910,000)	Construction	\$3,832,970
4% LIHTC Equity	\$1,775,908	Development	\$1,770,843
GHAP Grant (Awarded in Sep. 2015)	\$1,366,039		
Non-OHCS Sources:			
City of Bend Affordable Housing Fund	\$601,866		
Deferred Developer Fee	\$75,000		

TOTALS \$5,908,813

Bond Structure

The total tax-exempt conduit bond amount is \$4,000,000; \$1,910,000 of which will be short-term, used for the construction of the project and the remaining \$2,090,000 will be long-term debt. Washington Federal Bank will be the construction and permanent lender.

Scope of Work (construction)

The proposed project will consist of 7 two-story residential buildings and one non-residential community building on a 1.64 acre parcel. There will be 16 two-bedroom and 13 three-bedroom units.

The construction of Moonlight Townhomes will include elements that will add durability to the buildings and efficiency to the ongoing operation costs as well as minimizing utility costs to the residents:

- Additional wall and ceiling insulation
- Energy Star rated windows, appliances, HVAC and indoor and outdoor lighting
- Fiber cement siding and trim
- Low-flow plumbing fixtures
- Solid surface vinyl flooring (except in the bedrooms and stairs)
- Landscape irrigation controls, zoning, soil amendments and native plants
- Construction cost per unit is \$132,171 (\$125.28 per square foot)

Developer Fee

Total Developer Fee:	\$833,790	16.7% (maximum allowed \$918,683 @ 20%)
Deferred Developer Fee:	\$75,000	repayment projected within 4 years
Cash Developer Fee:	\$758,790	paid out based on % of project completion

Tenant Relocation

Not applicable, this is new construction

Operating Budget

Per IRC Section 42, the Sources, Uses and Operating Budget for this project have been reviewed. It has been determined that the Project is feasible and should remain financially viable for the tax credit affordability period.

Affordability Restrictions:

Unit Type	Number of Units	Percent Median Income as Adjusted for Family Size Will Not Exceed	Rents Not to Exceed the Following Percent of Median Income Described in the Most Current Table of LIHTC Program Rents Determined by OHCS
2 Br	16	60%	60%
3 BR	13	60%	60%

Operating Expenses: \$4,521 PUPA

The operating expenses are within the range we would typically see for similar properties.

Debt Coverage Ratio

- First full year of operations **1.21** with OAHTC; **1.20** without OAHTC
- DCR at year end of loan term (year 20): **1.41** with OAHTC; **1.43** without OAHTC
- DCR at year **30: 1.51** (OAHTC expires at year 20)

The DCR is within our range of 1.15 to 1.35 and maintains a consistent DCR throughout the LIHTC affordability period.

Location, services, marketing and amenities

The bond programs are non-competitive and therefore Projects must meet only the minimum threshold program requirements and are not scored based on need and impact. The management agent and resident services plans have been reviewed and approved by OHCS Asset Management and Compliance.

Location

Moonlight Townhomes will be located in the Daggett Lane Subdivision in NE Bend

- Ensworth Elementary School is directly to the west
- Deschutes Children’s Foundation East Bend Campus with the MountainStar Relief Nursery, Head Start, and Cascade Youth and Family is across the street
- ½ mile away from the Mosaic Main Bend Clinic, St. Charles Hospital and Bend Memorial Clinic
- 1.3 miles from a large shopping center
- Close proximity to Al Moody City Park and Pilot Butte State Park

Resident Services

The bond and 4% LIHTC programs are non-competitive and therefore Projects must meet only the minimum threshold requirements. The resident services plan has been reviewed and approved by AMC.

With the nature of the conditions and challenges of the populations served, Housing Works is working with organizations that have experience with these needs and is setting aside 6 units, which will receive rental assistance:

- Two units will serve households with complex medical issues that are receiving treatment from Mosaic Medical
- Two units will serve households involving family reunification with supportive case management and transitional rental assistance from NeighborImpact
- Two units will serve households who are homeless or at risk of homelessness with supportive case management and transitional rental assistance from NeighborImpact

There will be a community building for resident functions and a fitness facility.

Risks & Mitigating Factors:

There are no risks or mitigating factors as the Project is within OHCS guidelines and policies. Any exception to normal OHCS underwriting processes has been reviewed and approved by Finance Committee.

Conclusion

Based on the review of the Moonlight Townhomes application materials submitted by the sponsor, it is recommended that the motions on page 13 be approved. The approval will be contingent upon the satisfaction of the lender and equity investor's underwriting and closing requirements.

**Conduit Bond/4% LIHTC/OAHTC Application Request
June 21, 2016
Moonlight Townhomes**

Project Sponsor: Housing Works

Property: Moonlight Townhomes
Lot 5, Daggett Lane Subdivision
Bend, OR 97701

Owner: Moonlight Townhomes, LLC

Description: Moonlight Townhomes is a proposed 29 unit townhome project located in Bend, OR, that will provide housing for families at or below 60% AMI

LIHTC Request: \$164,452 in annual allocation of Low Income Housing Tax Credits (equaling \$1,775,908 net Investor proceeds to the project)

Bond Request: \$4,000,000 in long and short-term Tax Exempt Conduit Bonds

OAHTC Request: \$1,000,000 in Oregon Affordable Housing Tax Credits

Affordability:

FUNDING SOURCE	# OF UNITS	% INCOME	% RENTS	# OF YEARS
LIHTC/Bond	29	60	60	30
OAHTC	22	50	50	20

Target Population: Workforce families at or below 60% AMI. Six units will be set aside for households with unique issues including complex medical conditions, risk of homelessness and loss of child custody.

LIHTC RECOMMENDED MOTION: Move to recommend to the Director the approval of a reservation of 4% Low Income Tax Credits to Moonlight Townhomes, LLC for the construction of Moonlight Townhomes, not to exceed the lesser of the amount the project is eligible to receive or \$164,452 in annual allocation, subject to meeting the QAP and other conditions of award, with sponsor cash to remain in the project sources.

OAHTC RECOMMENDED MOTION: Move to recommend to the Director the approval of a reservation of Oregon Affordable Housing Tax Credits to Moonlight Townhomes, LLC not to exceed \$1,000,000 for the permanent financing to be provided by Washington Federal Bank.

BOND RECOMMENDED MOTION: Move to recommend to the Director to move forward to Housing Stability Council approval of Pass Through Revenue Bond Financing in an amount up to and not to exceed \$4,000,000 to Moonlight Townhomes, LLC for the construction of Moonlight Townhomes,



Oregon

Governor Kate Brown

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TO: Claire Seguin, Interim Director
Housing Stability Council Members

FROM: Caleb Yant, Chief Financial Officer

DATE: June 29, 2016

SUBJECT: Agency Request Budget Finalization

I am writing to provide a final update regarding the Agency Request Budget (ARB) that OHCS will submit for the 2017-19 biennium. The deadline for submission is August 1st, 2016, and as such this will be the last update during this phase of the budget process. After submission, the Governor's office will work with the Department of Administrative Services (DAS) to synthesize and prioritize agencies budgets in concert with Governor Brown's overall strategic direction. Governor Brown will release her recommended balanced budget on December 1, 2016, in advance of the 2017 legislative session. The items listed below outline the agency's requests and will be pursued with all due rigor. That said it is important to understand that the agency's requests may not be representative of what to expect in the 2017-19 Legislatively Adopted Budget (LAB).

This memo will highlight the changes that have occurred since the June 3, 2016 meeting. It will also address the desires communicated by the Council regarding policy discussions and allocation of resources requested in the budget. Following is an updated chart showing pertinent information listed in priority order for the Policy Option Packages (POPs) in the ARB:



POP Number	Package	Policy Packages in OHCS 17-19 Agency Request Budget						Change from June
		General	Other	Federal				
		Fund	Funds	Funds	Total	Positions	FTE	
101	LIFT - Modify funding and position authority for limited duration positions established in the 2015-17 budget - Loan Specialist 3, Program Analyst 3 and Compliance Specialist 2	\$561,218	\$143,261	\$0	\$704,479	3	2.00	General Fund Increase: \$518,751 Other Fund Decrease: \$67,469 FTE Increase: 0.62
102	Augment staffing capacity:							
	Improving data and research capability to be able to respond to significantly increased demand for timely market-based housing data - Research Analyst 2	\$334,634	\$0	\$0	\$334,634	2	2.00	General Fund Increase: \$167,954 FTE Increase: 1.0
	More staffing in multifamily finance to speed up necessary due diligence and underwriting and thus aid production by partners - Loan Specialist 3	\$217,417	\$217,417	\$0	\$434,834	2	2.00	General Fund Increase: \$15,824 Other Fund Increase: \$15,824
	<i>NEW</i> - More staffing in single family to increase lender network, product offerings, and production of the Oregon Bond program - Loan Specialist 1 and Program Analyst 4	\$0	\$408,590	\$0	\$408,590	2	2.00	Other Fund Decrease: \$6,369
103	Housing Choice Landlord Guarantee Program (HCLGP) - Request additional funding to cover the higher utilization of programmatic and administrative funding	\$1,042,383	\$1,042,383	\$0	\$2,084,766	1	0.50	Other Fund Increase: \$1,042,383 FTE Increase: 0.5
104	Rent Guarantee Program - Re-establish program that compliments HCLGP by serving non section 8 voucher holders in addition to providing tenant education	\$1,100,000	\$1,100,000	\$0	\$2,200,000	1	0.50	Other Fund Increase: \$1,100,000 FTE Increase: 0.5
105	Lottery Bonds for Preservation, including the possibility of an explicit carve-out for preservation of mobile home parks	\$0	\$10,000,000	\$0	\$10,000,000	0	0.00	
106	Stronger coordination with Department of Land Conservation and Development (DLCD) to help local governments strengthen their housing planning and zoning, and to implement new legislation that impacts both agencies	\$103,815	\$0	\$0	\$103,815	0	0.00	General Fund Decrease: \$150,463 FTE Decrease: 1.0
107	Oregon Foreclosure Assistance Program (OFA) - Restore funding for continued foreclosure counseling funds	\$3,286,920	\$0	\$0	\$3,286,920	0	0.00	General Fund Decrease: \$368,611
108	<i>* Oregon Homeownership Stabilization Initiative – Restore limited duration positions and expenditure authority needed to deliver the program.</i>	\$0	\$3,888,243	\$0	\$3,888,243	25	21.43	Other Fund Decrease: \$854,326
109	<i>* Continue HUD Section 811 - Restore limited duration positions in addition to providing expenditure limitation for rental assistance payments</i>	\$0	\$0	\$1,072,507	\$1,072,507	2	1.00	Federal Fund Decrease: \$63,633
110	Elderly Rental Assistance - Transfer program from the Department of Revenue to OHCS funded through a permanent general fund appropriation	\$1,500,000	\$1,500,000	\$0	\$3,000,000	1	0.50	FTE Increase: 0.5
201	Oregon Volunteers (OV) – Working closely with Oregon Volunteers commissioners and Governor's office to determine future location	\$150,000	\$0	\$0	\$150,000	0	0.00	General Fund Increase: \$150,000
	Total 2017-19 Packages	\$8,296,387	\$18,299,894	\$1,072,507	\$27,668,788	39	31.93	General Fund Increase: \$333,455 Other Fund Increase: \$1,230,043 FTE Increase: 2.13

* represents limited duration positions being restored to administer federal programs. These do not represent permanent growth of the agency.

I want to explain the rationale behind some significant changes from what was provided in June:

- Package 101 (LIFT) – Previous iterations contained figures based on estimates provided to the legislature with the passage of SB1582. Since then, OHCS has received greater clarity regarding ownership/operating structures, program design, timelines, and many other elements that dictate the administrative requirements to effectively deliver the program and protect the interests of the state. Cost drivers of the increase in the general fund requested include a permanent program analyst needed to monitor and manage risks to the state, temporary underwriting work to see the project through to construction close and/or issuance of tax credit certificates, allowances for travel, legal representation, stakeholder outreach, management oversight, and other overhead requirements necessary to deliver the program. The other funds amount is the cost to cover a compliance specialist and is assumed to be paid for by compliance charges assessed to projects.
- Package 102 (Staffing) – The changes are due to an additional research analyst as well as higher job classifications for the loan specialists needed in multifamily finance.
- Package 103 and 104 (HCLGP and Rent Guarantee Program) – The increase in funding represents funds being transferred from general fund to other fund. General fund revenue must be used in the biennium provided however that requirement defeats the intent of a guarantee fund. The funds will be transferred to enable retention of money across bienniums. Dedicated staffing is also provided in order to administer the programs while staying within the previously projected administrative funding levels.
- Package 106 (Dept. of Land Conservation and Development) – Previous iterations assumed the position and funding to be housed at OHCS. Through further collaboration with DLCD, the position will be submitted as part of the DLCD budget and OHCS will provide funding to cover 50% of the position.
- Package 107 (Oregon Foreclosure Assistance Program) – Previous iterations used data provided by external partners to forecast the demand for and resulting cost of delivering this program. The change is a result of comparing that data to internal data and adjusting for the most defensible basis of projecting future costs.
- Package 108 (Oregon Housing Stabilization Initiative) – Previous iterations included cost of management oversight and administrative support required by OHSI but already included in the agencies budget. The total forecasted cost is unchanged, however the portion of the costs already included in OHCS’s budget were removed.
- Package 201 (Oregon Volunteers) – Previous iterations did not list a dollar amount and significant work remains to determine the future location and administrative structure required in 2017-19 and beyond. This work is being coordinated by the Governor’s office and includes key stakeholders from all interested parties. This request signals a potential need and will be refined prior to release of the Governor’s budget. It’s important to note that this is not the lowest priority for the agency but rather is numbered differently as it is unlike all other POPs submitted by OHCS.

In addition to the explanations above, I want to address the Housing Stability Council's desires to engage in policy conversations regarding how agency resources are spent. Pertinent to the POPs, this subject surfaced regarding the \$10 million in lottery bonds requested by OHCS. Three likely uses include Preservation of units with expiring rental subsidy contracts, preservation of manufactured home parks, and gap financing to be used in connection with 4% tax credits. All three uses have strong merits and sufficient demand to expend the entire investment during the 2017-19 biennium. We know that advocacy and industry groups will release legislative agendas and lawmakers and other stakeholders will provide input that will inform the budget process prior to the release of the Legislatively Adopted Budget (LAB). That said, flexibility within the POP for all three uses allows it to align with a variety of agendas which could ultimately increase the viability of the POP being approved.

I want to be clear that OHCS continues to work towards the Housing Stability Council being engaged in policy and resource allocation conversations. If the 2017-19 LAB provides OHCS lottery bond proceeds with flexibility in use, OHCS will ensure the Council governs the allocation of that resource.

I look forward to any questions, thoughts, or recommendations that you have.



Members:

Aubre Dickson, Chair
Mayra Arreola
Tammy Baney
Michael C. Fieldman
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