

OREGON STATE HOUSING COUNCIL
Minutes of Meeting

Oregon Housing & Community Services
Large Conference Room, 124 A/B, First Floor
725 Summer Street N.E., Suite B, Salem, OR 97301

9:00 a.m.
August 28, 2009

MEMBERS PRESENT

Chair Maggie LaMont
Scott Cooper
John Epstein (via phone)
Stuart Liebowitz
Francisco López
Jeana Woolley

MEMBERS ABSENT

GUESTS

Tom Cusack
Ed McNamara, Nurture 247 Limited Partnership
Loren Clark, US Bank
Sean Hubert, Central City Concern
Robin Boyce, Housing Development Center
Craig Kelly, Central City Concern
Ron Chase, Sponsors, Inc.
Larry Abel, HACSA
David Crawford, Geller & Silvis
Jessica Woodruff, Reach CDC
Martha McLennan, NHA
Jim Moorefield, WNHS
Rob Prasch, NOAH
James McCoy, HACSA
Dan Steffey, Guardian Management
Dahe Good, Good James Consultant
Keith Wooden, Housing Works

STAFF PRESENT

Victor Merced, Director
Rick Crager, Deputy Director
Nancy Cain, Chief Financial Officer
Bob Gillespie, Housing Division Administrator
Marlys McNeill, Asset & Property Management Div. Admin.
Dave Summers, Multi-Family Section Manager
Lisa Joyce, Policy and Communication Manager
Floyd Smith, Senior Communication Advisor
Vince Chiotti, Regional Advisor to the Department
Karen Clearwater, Regional Advisor to the Department
Deb Price, Regional Advisor to the Department
Dona Lanterman, Single Family Section Manager
Rich Malloy, Neighborhood Stabilization Program Manager
Craig Tillotson, Loan Officer
Mike McHam, Appraiser
Betty Markey, Policy Advisor
Frank Silkey, Architect
John Czarnecki, Renewable Energy & Efficiency Specialist
Bob Larson, Debt Management Manager
Jack Duncan, Housing Division Liaison
Shelly Cullin, Senior Loan Officer
Mariana Negoita, Tax Credits Program Coordinator
Jo Rawlins, Recorder

I. CALL TO ORDER: Chair Maggie LaMont calls the August 28, 2009 meeting to order at 9:05 a.m.

II. ROLL CALL: Chair LaMont asks for roll call. Present: Scott Cooper, John Epstein (via telephone), Stuart Liebowitz, Francisco López, Jeana Woolley and Chair Maggie LaMont.

III. PUBLIC COMMENT: Tom Cusack, a retired HUD employee, distributes copies of information about the FHA single family loan volume in Oregon, and explains that the handouts show a county-by-county breakout of single-family volume within purchases, refis and reverse-equity mortgages. He says that OHCS is very involved in the Recovery Act programs using HUD grant funds and other grants. The great difficulty with those programs is that it takes time to spend out that money. Of the \$83M that has been “announced,” about \$8M has been disbursed. FHA loans are another form of recovery dollars. So far this year the total volume is \$3.2B in Oregon, representing 14,500 loans, which is an increase of 76% in the number of loans, and 83% in the dollar volume of loans compared to the same seven months in 2008. Except for Social Security and Medicare, the FHA spending levels in Oregon are the largest single federal expenditure of any program. Half of the FHA dollars are in the Portland Metro area, with the rest being spent throughout the state. The percentage for the reverse-equity mortgage is even smaller. Of the purchase loans, about 80% nationally are going to first-time homebuyers.

IV. APPROVAL OF MINUTES: Chair LaMont asks if there are any corrections to the July 24, 2009 Minutes. There being no corrections, the Motion was read:

MOTION: Cooper moves that the Housing Council approve the Minutes of the July 24, 2009 Council meeting.

VOTE: In a roll call vote the motion passed. **Members Present:** Scott Cooper, John Epstein, Stuart Liebowitz, Francisco López and Chair Maggie LaMont. Jeana Woolley abstained.

V. RESIDENTIAL CONSENT CALENDAR: None.

VI. SINGLE FAMILY REPORT: Dona Lanterman, Single Family Section Manager, and **Craig Tillotson**, Loan Officer. **Lanterman** refers to the Single Family Report contained in Council’s packet, pointing out that for the month of July there were 49 loans, and to date for August there are 35 loans. There is currently 89 active reservations for about \$14M remaining in the current bond series. There are 54 on the waiting list. **Tillotson** states that some of the lenders he has talked with feel like the department has to have a rate of around 4.75% to be competitive. There are approximately 8,600 loans still in the portfolio. **Cooper** asks how that compares to 2007. **Tillotson** says it was just within the last year that the department hit the \$1B mark, and that it had been below 8,000 loans outstanding in the portfolio.

VII. SPECIAL REPORTS: None.

VIII. NEW BUSINESS:

A. Pearl Family Housing (Portland, OR), Pass-Through Revenue Bond Program Financing Request; Community Incentive Fund Loan Request; and Weatherization Grant Request. **Shelly Cullin**, Senior Loan Officer, introduces **Ed McNamara**, Nurture 247 Limited Partnership, and **Loren Clark**, US Bank. **Cullin** explains that Nurture Development LLC has requested approximately \$25M in Pass-Through Revenue Bonds, approximately \$1.6 M in annual 4% LIHTCs, \$1M in Community Incentive Funds, and a \$700,000 Weatherization Loan for the development of the Pearl Family project located in the Pearl District in Portland; a 138-unit

multi-family apartment complex with below ground parking and first floor commercial space. She refers Council to the write-up contained in their packet and gives an overview of the project. **Epstein** asks if US Bank only has a 35% loan-to-value on the permanent loan. **Clark** says that is correct. The bank does include the value of the cash flow of the property, the tax credits and any beneficial financing. The 35% does not include that they are taking the assignment of a total of \$2.5M in additional reserves.

Epstein makes the following motions:

MOTION: that the Oregon State Housing Council approve a Pass-Through Revenue Bond Financing in an amount not to exceed \$25,000,000 to Nurture 247 Limited Partnership for the new construction of Pearl Family Housing, subject to borrower meeting OHCS, US Bank, Portland Development Commission and US CDC underwriting and closing criteria, documentation satisfactory to legal counsel and Treasurer approval for the bond sale.

MOTION: That the Oregon State Housing Council approve a Community Incentive Fund Loan in an amount not to exceed \$1,000,000 to Nurture 247 Limited Partnership for the new construction of Pearl Family Housing; and, when the final construction bids are received, if there is any cost savings, the Department reserves the right to negotiate with the borrower for a reduction in the CIF Loan.

MOTION: That the Oregon State Housing Council approve a Weatherization Loan to Nurture 247 Limited Partnership in an amount not to exceed \$700,000 for weatherization eligible activities, approved by the Department, for the new construction of Pearl Family Housing.

VOTE: In a roll call vote the motions passed. Members Present: Scott Cooper, John Epstein, Stuart Liebowitz, Francisco López, Jeana Woolley and Chair Maggie LaMont.

B. *Rose Quarter Housing (Condo A)* (Portland, OR), Housing PLUS Allocation Increase Request. **Mike McHam**, Appraiser, introduces **Frank Silkey**, Architect; Sean Hubert, Director of Housing, Central City Concern; Craig Kelly, Project Manager, Central City Concern; and Robin Boyce, Executive Director, Housing Development Center. **Epstein** announces that he will need to abstain from voting on the project due to a conflict of interest. **McHam** explains that this is an acquisition rehab for individuals and homeless individuals in the Portland area. The project is sponsored by Central City Concern who will maintain possession and ownership as well as manage and provide significant resident services. Rose Quarter (Condo A) was funded in the Fall 2007 CFC. The entire project is a single five-story building formerly operated as a Ramada Inn. Central City Concern acquired the property in 2004. **McHam** gives an overview of the

write-up contained in Council's packet, followed by comments of **Frank Silkey**, department architect.

McHam explains that they are looking at a total of \$927,000 for the entire project, with \$667,000 for Condo A. The schedule adjustment of \$52,000 is due to the contractor being delayed for 34 calendar days and they are charging back for it. That amount includes payroll, rented equipment, and interest. There is now a \$1.2M expense to cover for the project. The sponsor went over soft costs and deducted \$117,000. They also looked at value engineering and deducted \$106,000. The architect believes that the value engineering items are reasonable. After deduction of those items they are at \$1M. The total hard cost contingency was budgeted at \$1.2M. Condo A had nearly \$700,000, and after expensing off what had been budgeted in contingency, they are left with about \$238,000 for Condo B, but only \$23,000 in contingency for Condo A. The building is about 30% complete, and they are out of contingency. The problems that remain surround the remaining work and some of the change orders that have become necessary. Added change orders amount to about \$485,000. The architect believes the items are reasonable and necessary.

McHam says they need to build up the contingency to get them through the remaining 70% of the building. There is also offsite work that is necessary to meet city requirements and to upgrade utilities, which includes moving a manhole. As the new components are constructed there is concern over future changes required by building inspectors to meet code requirements which may not be totally identified at the present time. Based on best estimates ownership is requesting additional funds for contingency in the amount of \$467,000; \$246,000 of which is allocated to Condo A. The total estimated gap is \$714,000. The sponsors added an additional \$133,000 cash equity to the project. They have also gone to PDC and asked for another \$180,000, which is still pending. The remaining gap is \$400,000 for the entire project. \$300,000 is on Condo A.

Woolley asks about the change orders they will probably have for the remaining 70% of construction. **Kelly** says they sat down with the architect and the general contractor and looked at the risk areas, which are primarily the right-of-way and any unknown conditions, as well as requirements by the building inspectors. They projected they would need \$467,000 for contingency for those types of issues going forward. Part of this request is to have contingency for those future change orders. **Woolley** asks who prepared the environmental. **Kelly** says it was Certified Environmental. **Woolley** says she presumes they had a level II done and is shocked that they are finding all of these problems. **Kelly** explains that they were aware there was mold because they had done selective testing on units as part of the contract selection process. They anticipated having to remove half of the drywall on the fifth floor and then more selectively as they went along. They assumed half of their contingency, or \$600,000, would be spent to accomplish that. **Woolley** says she is not confident that this is the end of the line in terms of what they are going to face, given the age of the building, the manner in which it was constructed, and the amount of things that have been discovered. **Cooper** says he has similar concerns. **McHam** assures Council that the department will approve all change orders going forward. **LaMont** says it was her understanding the department was out of Housing PLUS dollars and asks where the funding came from. **McHam** says there was money that was returned and it was reserved for this project.

MOTION: Woolley moves that the Oregon State Housing Council approve an increase in Housing PLUS of up to \$200,000 for a total reservation of \$300,000 for the redevelopment of the Rose Quarter Housing Project (Condo A). Approval is contingent on OHCS having approval of any change order requiring expenditure from the \$246,900 funding the additional contingency needed and requested in this increase in funds.

VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, Stuart Liebowitz, Francisco López, Jeana Woolley and Chair Maggie LaMont. John Epstein abstained.

C. *Clifford Apartments.* Mike McHam explains that this project was pulled from the agenda because the tax credit investor withdrew.

D. *Crest Butte Apartments* (Bend, OR), Tax Credit Exchange Gap Financing Request. Mariana Negoita, Low Income Housing Tax Credits Program Coordinator, explains that this is an existing USDA Rural Development project located in Bend requesting \$3,825,731 in exchange proceeds, and gives an overview of the write-up contained in Council's packet. Epstein asks how they determine the affordability range per project. Negoita states that the affordability is dependent on the department's requirements, as well as funders' requirements. Projects that are located in the Portland region are required, if they have PDC funding, to be 60 years. The Low Income Housing Tax Credits Program requires a minimum of 30 years. Epstein comments that this project needs a lot of rehab and proposes construction rehab at \$56,000 a unit, and asks if that is adequate. Negoita says the total construction is \$2.9M for all units, and they believe it is adequate. Doug Chrisman adds that they do have firm bids from the contractor to do a complete rehab, which includes every surface down to the sheetrock. Epstein asks if they have looked at the reasonableness of the developer fees in all of the transactions. Negoita says yes. That is a test they do at the CFC level. LaMont asks if there has been a change in the figures to all of the tax credits program projects. Negoita explains that there are certain requirements in the application to give the department comfort as to each project's ability to complete and be a good project for 15 years. Also, to mitigate the risks, they added the asset management fee to this project.

LaMont comments that Council has already seen this project before and if there are additional costs that have not already been approved, that is the information she would like Council to have. Negoita says that for the projects being presented today there are no increases that have been imposed, except for the management fee and other funders. Discussion follows about contractor bids.

MOTION: Cooper moves that the Oregon State Housing Council approve up to \$3,825,731 reservation of future tax credit proceeds for Crest Butte Apartments. Proceeds will be generated from the exchange of tax credits for cash between

OHCS and US Treasury. Reservation is contingent upon successful receipt of funds by OHCS from US Treasury.

VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, John Epstein, Stuart Liebowitz, Francisco López, Jeana Woolley and Chair Maggie LaMont.

E. *Seacrest Apartments* (Bandon, OR), Tax Credit Exchange Gap Financing Request. **Mariana Negoita**, Low Income Housing Tax Credits Program Coordinator, explains that this project provides housing for independent elderly in Bandon, and has been affected by a loss of investment capital in the amount of \$1,655,486, and gives an overview of the write-up contained in Council's packet. **Epstein** asks if this is subject to RD approving their funding. **Negoita** says yes, and they have done so.

MOTION: Liebowitz moves that the Oregon State Housing Council approve up to \$1,655,486 reservation of future tax credit proceeds for Seacrest Apartments. Proceeds will be generated from the exchange of tax credits for cash between OHCS and US Treasury. Reservation is contingent upon successful receipt of funds by OHCS from US Treasury.

VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, John Epstein, Stuart Liebowitz, Francisco López, Jeana Woolley, and Chair Maggie LaMont.

F. *Linnhaven Apartments & Stonebrook* (Sweet Home, OR), Tax Credit Exchange Gap Financing Request. **Mariana Negoita**, Tax Credits Program Coordinator, explains that this project is a scattered site project with two locations in Sweet Home, for a total of 51 units, and gives an overview of the write-up contained in Council's packet.

MOTION: Cooper moves that the Oregon State Housing Council approve up to \$3,074,905 reservation of future tax credit proceeds for Linnhaven/Stonebrook. Proceeds will be generated from the exchange of tax credits for cash between OHCS and US Treasury. Reservation is contingent upon successful receipt of funds by OHCS from US Treasury.

VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, John Epstein, Stuart Liebowitz, Francisco López, Jeana Woolley and Chair Maggie LaMont.

G. *Parkside Village* (Roseburg, OR), Tax Credit Exchange Gap Financing Request. **Mariana Negoita**, Tax Credits Program Coordinator, explains that this project is located in Roseburg, and is in dire need of rehabilitation of the 36 units of Section 8 housing assistance, and gives an overview of the write-up contained in Council's packet. **Epstein** asks about the status of the conventional loan. **Loren Clark** of US Bank says it is in underwriting. **Epstein** asks if they

need formal commitment from them before funding. **Negoita** says yes. **Woolley** asks if the motion says that. **Negoita** says no, it is implied.

MOTION: Woolley moves that the Oregon State Housing Council approve up to \$4,760,164 reservation of future tax credit proceeds for Parkside Village, subject to conventional loan funding being secured. Proceeds will be generated from the exchange of tax credits for cash between OHCS and US Treasury. Reservation is contingent upon successful receipt of funds by OHCS from US Treasury.

VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, John Epstein, Stuart Liebowitz, Francisco López, Jeana Woolley and Chair Maggie LaMont.

Negoita explains that the Tax Credit Assistance Program (TCAP) requires that projects have investment equity and that credits are sold to either an equity investor or syndicator, or are purchased by the developer. Lack of credits into a project makes a project ineligible for the program. Today, she will be presenting three Tax Credit Assistance eligible projects, which will generate 113 affordable housing units, of which 68 have project-based assistance units. The total amount of TCAP requests today stands at \$5,430,416.

H. *Walnut Park Apartments* (Portland, OR), TCAP (Tax Credit Assistance Program) Gap Financing Request. **Mariana Negoita**, Tax Credits Program Coordinator, explains that this project is dedicated to housing elderly disabled in the Portland metro region, consisting of 38 units, and gives an overview of the write-up contained in Council's packet.

MOTION: Woolley moves that the Oregon State Housing Council approve up to \$798,236 reservation of tax credit assistance program funds. Reservation is contingent upon successful OHCS completion of NEPA review and any other HUD TCAP requirements.

VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, John Epstein, Stuart Liebowitz, Francisco López, Jeana Woolley and Chair Maggie LaMont.

I. *Upshur House* (Portland, OR), TCAP (Tax Credit Assistance Program) Gap Financing Request. **Mariana Negoita**, Tax Credits Program Coordinator, explains that Upshur House is located in Multnomah County, and gives an overview of the write-up contained in Council's packet. **Epstein** declares that he needs to abstain from the vote.

MOTION: Cooper moves that the Oregon State Housing Council approve up to \$2,044,204 reservation of tax credit assistance program funds. Reservation is contingent upon successful OHCS completion of NEPA review and any other HUD TCAP requirements prior to award of funds.

VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, Stuart Liebowitz, Francisco López, Jeana Woolley and Chair Maggie LaMont. John Epstein abstained.

J. *Roosevelt Crossing* (Eugene, OR), TCAP (Tax Credit Assistance Program) Gap Financing Request. **Mariana Negoita**, Tax Credits Program Coordinator, explains that this is a 45-unit ex-offender housing project in Eugene providing housing to very low-income individuals transitioning from state prison and other correctional facilities, and gives an overview of the write-up contained in Council's packet.

MOTION: Epstein moves that the Oregon State Housing Council approve up to \$2,587,976 reservation of tax credit assistance program funds. Reservation is contingent upon successful OHCS completion of NEPA review and any other HUD TCAP requirements prior to award of funds.

VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, John Epstein, Stuart Liebowitz, Francisco López, Jeana Woolley and Chair Maggie LaMont.

Negoita thanks the staff at Oregon Housing who have done a tremendous amount of work in a very short time, along with the department's sponsors and their partners, for making affordable housing possible in Oregon. **Epstein** says he applauds the department because there are a lot of states that have not started awarding.

Francisco López leaves meeting at 11:15.

Approval Authority. **Rick Crager**, Deputy Director, explains that the projects Council just approved are a moving target. There may be changes due to lender requirements and tax credit caps. To try to minimize the number of times projects are brought before Council on changes that are non-construction related, the department would like to suggest that the director be given some discretion with these projects if it is related to filling cost equity and financing gaps. He suggests an appropriate amount would be an increase of up to 10% of the project costs, or up to \$250,000, and would be only related to funding requests specific to equity and financing. **Bob Gillespie** adds that if the loan term is shortened, the capitalization rate changes so that the loan amount changes. On the equity side if they want more operating reserves, it creates a cash requirement from a third party that is outside the control of the people that are trying to close the deal. **Epstein** asks if this would only relate to the exchange dollars from the federal government, and would not affect any of the existing programs with the \$100,000 loan threshold. **Crager** says this would be for the TCAP and Exchange Program and no other programs. **Cooper** asks if these changes would be likely to reduce the availability of funds for other projects. **Negoita** explains that 10% of the award amount limits the amount to something less than \$250,000. **Epstein** asks if it would limit too much. **Gillespie** says no, and that they have already anticipated the Trust Fund exchange. **Cooper** asks if this needs to be taken back to legal because there are so few rules. **Gillespie** says yes. **Epstein** suggests adding that this motion is only valid

for a certain time period. **LaMont** clarifies that if it runs through the life of the program, and there happens to be an extension on it, they would not have to come back to Council for approval. **Merced** says he will report to Council monthly on any decisions that are made.

MOTION: Cooper moves that the Oregon State Housing Council delegate approval authority to the director of Oregon Housing and Community Services to increase ARRA funding requests related to equity and financing gaps, as deemed necessary, for the completion of all projects approved by Council for ARRA funding. Authority granted will not exceed the lesser of up to 10% of the total ARRA award amount or \$250,000, as long as there is enough eligible basis to support the increase. This motion would carry for the life of the TCAP and Exchange Program. The director shall report use of the authority to the Council regularly.

VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, John Epstein, Stuart Liebowitz, Jeana Woolley and Chair Maggie LaMont. Absent: Francisco López.

IX. OLD BUSINESS: None.

X. REPORTS:

A. *ARRA Processes.* **Bob Gillespie**, Housing Division Administrator, **Mariana Negoita**, Low Income Housing Tax Credits Program Manager, and **David Summers**, Multi-Family Section Manager. **Gillespie** states that the department is entering into the first round of ARRA applications. There are two types of applications. One is called Tax Credit Assistance Program (TCAP), which is for tax credit projects that have received an allocation, but the market has fallen and now there is a gap. The other is called Exchange Applications, which is for those that were awarded the credits and there is no one now to buy them. The timeline the department has been working under started with the legislation that passed in February 2009. On May 4, 2009, HUD gave the department notice to apply. Between May 4 and June 3, the department had to submit its application to HUD. On June 30 the department received the announcement from HUD. On July 13 the department had its applications out to the sponsors. By August 10 those applications were received by the department and they are being reviewed. It has been a very accelerated process. Staff, department-wide, have had to do double duty on this as there have been CFC applications coming in at the same time. Also in the pool are the 26 preservation projects that were stalled last Fall when the market fell out of the 4%*s*. At this point in time, it looks like there are adequate funds to do all that is in the pipeline. The department is also re-underwriting the TCAPs with Davis Bacon.

The 1602, is the Exchange Program. Essentially the equity investor who would have been doing the asset management is now not there. The department is charging an asset and management fee on exchange projects, which is \$11,500 a year, per project. The department is trying to take leftover resources and capitalize that fee up front, but is researching how best to proceed.

Woolley asks if the asset management fee is for the full 15-year period, which would be \$11,500 times 15. **Gillespie** says yes, at present value, which they believe is best for both sides.

Negoita states that 26 applications were received in the competitive Gap Financing Application for both programs. Eleven projects requested Exchange funds; fifteen projects requested TCAP funds. After review of the projects in this round, if any resources remain available, the resources will be made available to another round of eligible projects. If and when we commit the ARRA funding, we stand to bring to completion 1,195 units throughout Oregon. While it is still too early in the process for each of these projects to estimate the number of jobs created and retained, we have received two rough estimates from applicants. One indicates 170 jobs will be either preserved or retained, in whole or in part, as a result of additional TCAP funding. The other estimate is that a potential 112 jobs will result from the Exchange funds.

Negoita explains that, with regard to risk, Oregon Housing is delivering resources and taking on roles in which it has not done traditionally. To mitigate any present or future risks to the department, Oregon Housing is still working to determine its role and potential future cost of these roles as imposed by the federal government. Since additional guidance will be coming out in the next months and years, and since we are working with a great deal of uncertainty, the department has conceptualized the development of a risk reserve pool for these projects that will assist Oregon Housing to mitigate its risk in the event of having to recapture or repay to either Treasury or Housing and Urban Development some portion of this funding. Additional formal guidance will greatly enlighten the department to the burden of these decisions and all indications are that the department will not be unduly burdened. The risk reserve pool concept may be funded from either excess funds capitalized up front or excess cash flows, if any. Council has seen many of these projects before and approved other funding awards such as HOME, Trust, Housing PLUS funds or Bond funds. Since that time there have been decreases in the amount of construction and/or permanent debt each of these projects currently have access to. There have also been increases in the requirements of the debt provided to these projects, such as increased interest rates, reserves and debt service coverage requirements. The application materials were specific in outlining that cost overruns will not be accepted. The department has not seen cost overruns, but it has seen changes in scope of work as required by other funders.

The reason these projects came before Council today is due to change in the equity market. As equity providers changed or withdrew from a project, new funders agreed to come in and those funders provided that their requirements be met. These requirements included scope of work changes contributing to minimal changes in hard cost budgets. Since approval by Finance Committee on August 20, 2009, to bring these projects before Council today, the Regional Advisors to the Department and the Loan Officers have worked to understand these projects' proforma in acute detail. Every single line item was discussed and clarified. The projects before Council today, as well as the projects that will be presented next month, will be ready to proceed. For those projects that are returning their credits to the state so that Oregon Housing may exchange those credits with the US Treasury, Oregon Housing conducted a cost-based study to determine an appropriate asset management fee of \$160,000 for the initial 15-year compliance period.

These exchange projects will generate 159 affordable housing units, of which 131 have project-based assistance units. Of those, 87 units have Rural Development project-based assistance. For

these projects Oregon Housing intends to accept the return of their competitive tax credit award or allocation and, in turn, return those to Treasury. In exchange, Oregon Housing will be issued an aggregate monetary amount of \$13,500,049, which will be used to award to the projects for which this funding is reserved. Any remaining funding, if not needed for these projects, will be awarded to projects returning credits that will be presented to Council next month.

John Epstein signs off from meeting at 11:40 a.m.

B. *Neighborhood Stabilization Plan Update.* **Dona Lanterman**, Single Family Section Manager, introduces **Rich Malloy**, Neighborhood Stabilization Program Coordinator. **Lanterman** reports on the status of NSP I, stating that nine sub-recipients were given the dollars allotted them, which is 58% of the money. An RFP went out for the rest of the state; twelve applied and seven were funded. Trainings are scheduled for the middle of September on program implementation. There is also a Lenders/Realtor webinar scheduled for next Thursday on how to access the down payment assistance process and their ability to access the funds. **Malloy** says he has received eight to ten calls from people all over the state interested in the program. **Lanterman** adds that NSP I has \$19.6M, and NSP II is the consortium that the department put together. **Merced** says this was a big effort and involved a lot of collaboration. Everyone chipped in money for the grant writer for the \$26.2M grant application, which was very competitive.

C. *Federal Stimulus Plan Update.* **Rick Crager** distributes a hand-out prepared by John Fletcher, who was unable to be present, and says that Nancy will combine it into her report and answer any questions.

D. *Report of the Chief Financial Officer.* **Nancy Cain** reports the following:

- The department is moving along with the ARRA funds, and trying to be creative, responsible and accountable. Preparing the reports takes a lot of staff time. The department has been asked to be part of a pilot program for access to federal funds through a website, which is a compliment to this agency.
- GSE has sent a letter to the department, which she will forward to Council, that mentions other ideas that have been proposed that NCSHA had not proposed. **Merced** says he was under the impression that the federal government was getting close to GSE reform by mid-September.
- The revenue estimates were released yesterday and it indicates that the state is holding steady. **Crager** says to keep in mind that in terms of the general fund piece, at this point the department is looking at a balanced budget. That balanced budget is contingent upon increased taxes, and if that were to be overturned somehow, then we would be at risk.

E. *Report of the Deputy Director.* **Rick Crager** reports the following:

- The biggest portion of his work in the next two months will be around legislative implementation. Regional meetings have been scheduled that are open to partners and stakeholders to talk about the document recording fee and what the best investment will be. There are three main areas: homeownership and the Homeownership Assistance Program;

Emergency Housing Account, which is a homelessness assistance program; and the General Housing Account Program (GHAP), that has two subcomponents: multi-family housing and capacity building. He encourages Council members to attend the meetings in their area.

- The department was awarded \$16.3M in lottery backed bonds by the legislature for preservation. The department is planning a stakeholders discussion on September 4. For manufactured dwelling parks, \$3.1M was allocated to the preservation strategy. The department will also be planning a stakeholders discussion around that. CASA has been awarded some money that they have been using for secondary financing, and the thought has been to perhaps pool together and leverage each other more on secondary financing. Part of the problem with this is the primary financing. **Cooper** suggests contracting with CASA. **Crager** says his intent is to get all the meetings done in September, and then he will spend the next month and a half getting the administrative rules done and ready to go by January 1.

- The document recording fee has presented the challenge of how to get the money here. The department has been working closely with the Department of Revenue and has also been talking to the clerks, and he thinks instructions have been sent out and everyone is on board.

- The 2010 Special Session will be structured so that there will be concepts introduced by the Executive Branch. If Council or the department would like to address anything, it would need to be picked up by a senator or representative to carry forward. There are two areas that we are somewhat concerned about. One is the Oregon Affordable Housing Tax Credits. The department asked for an increase last session, and we did not get it. We may need to ask for that again, and we will need to do more analysis. The other item is more for general housekeeping to give the department the ability to do business outside of the state. The reason for this is that the Section 8 contract to monitor all of the HUD-financed projects is due to renew. HUD has indicated that they are looking at regionalizing this, as opposed to a state contract. We want to be in the best position to be able to compete for that contract. **Merced** says the ability to go out and contract for work has a two-fold purpose. One is to bring in additional revenue and to establish that as a basis for a revenue stream; and the second is a “shark repellent” move, to keep someone from coming into your territory. **Cooper** says he questions the use of tax payer dollars for all of this. **Crager** explains that all of these services are paid through the revenue stream that is generated.

- Furloughs have been a topic of contract negotiations between the Union and the Executive Branch. They have reached an agreement and are in the process of being ratified. The contract states that all state employees, from September 1, 2009 until June 30, 2011, will take up to 14 furlough days. They have assigned ten state government closure dates. It is a tiered approach with the highest paid staff taking 14 days, the next level taking 12 days, and the minimum taking 10 days. **Cooper** says the practical effects of this is that it is going to create gaps in the timing of delivery of state objectives. **Crager** says that is right. **LaMont** asks about funding of the furlough days. **Crager** explains that the savings is the department’s savings with its money.

- The Director’s office changes that were mentioned at the last meeting have been modified slightly. No new positions are being added; we will simply be working within our existing structure.

- He and Victor have been working closely with Nancy McLaughlin, the newest Council member. Her confirmation is anticipated to be the end of September. They have

talked with her about engaging in conversations with Senator Atkinson and Senator Ferrioli. He believes she will be a great addition to the Council. **Merced** adds that she will bring a national perspective to Council.

F. Report of the Director. Victor Merced reports the following:

- He and Rick have been considering having an all-day retreat for Council in October since there is no Council meeting that month. Their initial drafting of what an agenda would like would be to have the department’s legal counsel give an overview of legal and fiduciary responsibilities; a briefing of programs; discussion of the department’s strategic plan; goal setting by Council members; and a training on the “art of the deal.” **LaMont** says that many years ago Council had a retreat and set goals and it would be interesting to review those goals.

- He recently attended a roundtable on homeownership with Congressman Blumenauer, who asked for briefings on the major issues around homeownership and foreclosure. Yesterday the Congressman’s office called and wanted the department to participate in a national foreclosure mitigation group.

- Jeana Woolley is highlighted in the publication by the Urban League, *The State of Black Oregon*, for her work in the minority business world. The department wrote an essay, thanks to Lisa Joyce and the people in research, about homeownership among the African American population.

G. Report of the Chair. Chair Maggie LaMont reports that she is very honored that the Governor agreed that she would be the Chair. She says it is exciting for her to see the ARRA money finally coming, and she looks forward to those ARRA projects getting on the ground, and she would like to hear information as to when those projects will start.

Chair LaMont adjourns the meeting at 1:40 p.m.

/s/ Maggie LaMont 10-14-09
Maggie LaMont, Chair DATE
Oregon State Housing Council

/s/ Victor Merced 10-14-09
Victor Merced, Director DATE
Oregon Housing and Community Services.