

OREGON STATE HOUSING COUNCIL

June 17, 2011



*Bridge Meadows, Portland, OR
(New Construction; 27 Units; Family/Seniors)*

Meeting held at:
New Columbia Opportunity Center
4610 N. Trenton Street
Portland, OR 97203
503.986.2005

OREGON STATE HOUSING COUNCIL

June 17, 2011

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Oregon State Housing Council

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Council Members
Maggie LaMont, Chair
Tammy Boney
John Epstein
Michael C. Fieldman
Francisco López
Nancy McLaughlin
Jeana Wholley

STATE HOUSING COUNCIL MEETING

June 17, 2011

9:00 a.m.

Meeting Location:

New Columbia Opportunity Center
4610 N. Trenton Street
Portland, OR 97203
(503.986.2005)

AGENDA

- | | | |
|-------|--|---------------------------|
| I. | CALL TO ORDER | M. LaMont |
| II. | ROLL CALL | M. LaMont |
| III. | PUBLIC COMMENTS | M. LaMont |
| | A. Steve Rudman, Executive Director, Home Forward
(fka Housing Authority of Portland) | 9:05 – 9:10 |
| IV. | APPROVAL OF MINUTES | M. LaMont |
| | A. Minutes of May 13, 2011 Meeting | 9:10 – 9:15 |
| V. | RESIDENTIAL CONSENT CALENDAR | R. Franco |
| | A. 4400 Block Spring Meadow Ave., Eugene, OR | 9:15 – 9:20 |
| VI. | NEW BUSINESS -- None | |
| VII. | SPECIAL REPORTS | |
| | A. RAD Report (Metro/North Coast Region) | V. Chiotti
9:20 – 9:30 |
| | B. Governor's Office Update, Duke Shepard,
Human Services/Labor Policy Advisor, Governor's Office | 9:30 – 10:00 |
| VIII. | OLD BUSINESS -- None | |
| IX. | REPORTS | |
| | A. Legislative Update | L. Joyce
10:00 – 10:10 |
| | B. Oregon Homeownership Stabilization Initiative (OHSI)
Update | N. Cain
10:10 – 10:20 |

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C. Report of the Chief Financial Officer

N. Cain
10:20 – 10:30

D. Report of the Acting Director

R. Crager
10:30 – 10:40

E. Report of the Chair

M. LaMont
10:40 – 10:50

X. FUTURE AGENDA ITEMS

R. Crager
10:50 – 11:00

Adjournment

11:00

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OREGON STATE HOUSING COUNCIL
Minutes of Meeting

TELEPHONE CONFERENCE

Meeting Location:
Oregon Housing and Community Services
725 Summer Street NE, Room 336
Salem, OR 97301

9:00 a.m.
May 13, 2011

MEMBERS PRESENT (Via Phone)

Maggie LaMont, Chair
Tammy Baney
Mike Fieldman
Francisco López
Nancy McLaughlin
Jeana Woolley

MEMBERS ABSENT

John Epstein

GUESTS (Via Phone)

Tom Cusack
Betty Tamm
Karan Reed

STAFF PRESENT

Rick Crager, Acting Director
Nancy Cain, Chief Financial Officer
Bob Gillespie, Housing Division Administrator
Dave Summers, Multifamily Housing Section
Manager
Vince Chiotti, Regional Advisor to the
Department
Karen Clearwater, Regional Advisor to the
Department (via phone)
Mike McHam, Appraiser & Market Analyst
Janna Graham, Loan Officer
Jo Rawlins, Recorder

I. **CALL TO ORDER:** Chair LaMont calls the May 13, 2011 meeting to order at 9:01 a.m.

II. **ROLL CALL:** Chair LaMont asks for roll call. **Present:** Tammy Baney, Mike Fieldman, Francisco López, Nancy McLaughlin and Chair LaMont. **Absent:** John Epstein and Jeana Woolley (arrived at 9:11).

III. **PUBLIC COMMENT:** None.

IV. **APPROVAL OF MINUTES**

A. Chair LaMont asks if there are any corrections to the April 15, 2011 Minutes. There being no corrections, the Motion was read:

MOTION: Baney moves that the Housing Council approve the Minutes of the April 15, 2011 Council meeting.

1 **VOTE: In a roll call vote the motion passes. Members Present:**
2 **Tammy Baney, Mike Fieldman, Francisco López, Nancy McLaughlin**
3 **and Chair LaMont. Absent: John Epstein and Jeana Woolley.**

4 **V. RESIDENTIAL CONSENT CALENDAR: None.**

5 **VI. NEW BUSINESS:**

6 **A. *Neu Place Apartments* (Roseburg, OR), GHAP Funds Increase Request. **Mike****

7 **McHam**, Appraiser and Market Analyst, presents a request for an increase of \$176,106 in GHAP

8 funding for Neu Place Apartments in Roseburg, for the developmentally disabled, including a

9 single family residence. He explains that originally, Neu Place was funded in the fall of 2009 CFC

10 and the proposed project consisted of constructing 10 units for developmentally disabled and

11 converting a garage into an additional unit, along with some common area. The last part of the

12 three-phase conversion was remodeling the 4-bedroom house into a foster care home with 4 beds

13 for physically disabled. At application, this project was considered a 15-unit project. The project

14 still consists of the 10 new units and the garage conversion; however, the house is to remain a 4-

15 bedroom single family residence that will be remodeled and rented as a single family residence at

16 an income level not to exceed 80% median family income. The units and conversion are 50%

17 complete, and the house remodeling is on hold pending today's decision. Currently, this is now

18 considered a 12-unit project. The reason for the changes are that there were 14 funding sources in

19 the project, four of which required discussion for this request, due to the change in sources of

20 funding for the project. The explanations lead to the concluded total net loss in funding of

21 \$307,894. The problem was that the Oregon Department of Human Services funded a \$200,000

22 grant of On the Move Funding. DHS then discovered the project had been incorrectly funded with

23 the grant source due to some significant problems with the program manager. The project then lost

the \$200,000 grant, which started a series of events that filtered through the project budget and

proforma. There was originally a permanent loan of \$100,000 intended for the project; however,

because of the loss of DHS grant funding, that transferred into a loss of annual income to the

project. Instead of renting a house to a service provider as a foster home at \$1,960 per month, the

house could now only be rented as a single family residence below 80% MFI at an estimated

\$1,068 per month. This loss in income eliminated the project's ability to place the \$100,000

permanent loan on the property. BETC funding has been reduced from \$29,200 to \$15,632, for a

total reduction in funding from this source of \$13,568. The sponsor has been able to add some

Energy Trust funding in the amount of \$5,674 to partially offset the loss of the BETC. The total

net loss in weatherization is \$7,894. When all the pluses and minuses total up it leaves a funding

gap of \$176,106. Umpqua has taken steps to address these problems. They value-engineered out a

total of \$93,249 from the project, much of which came from some items that DHS was requesting

in the foster home for the specific population, but because they are no longer in the deal we can

pull those items back out. Secondly, Umpqua has also reduced the cash developer fee to \$209,355

from the original \$240,000, which is a reduction of \$30,645. Umpqua has contributed \$7,894 to

try and zero out the net weatherization loss. They have also searched for additional funding

sources, but the funding sources were exhausted in the original funding of the project. UCDC

reports that if funding is not approved it must consider raising rents, which is very tentative, or use

more of the developer fee as a source of funding. If that were done it would jeopardize meeting

the organization's overhead and operating cost, and may also impact the organization's ability to

meet predevelopment expenses on pipeline projects. The developer fee is adequate, but not

1 exorbitant. There are no unusual risks or concerns. The two options to consider to GHAP funding
2 are: First, a quarter's GHAP funds would be available at any time if OHCS receives more than
3 budgeted sufficient funds. Secondly, if the above funds are insufficient to fill the gap, the funds
4 would have to be allocated by reducing the available funds from the 2011 CFC round.

5 **Tamm** says she would like it to be understood that Umpqua worked with DHS for about two years
6 in the work-up of this project, with DHS developing plans and scope of work. It was a shock when
7 they withdrew funding after commitment. She says they have tried to do what they could in both
8 value engineering and sources and change in the work product. **Fieldman** asks her to explain
9 what the On The Move funding was for. **Tamm** explains that it was for the home that they were
10 going to convert into a high need foster care. On The Move was to help people who were over-
11 housed in nursing homes to come back into their communities into a house that has services, but
12 not as many as a nursing home would have. **Fieldman** asks who the operator was going to be.
13 **Tamm** states that DHS has service providers that they were lining up. **Fieldman** asks about who
14 will operate the DD services portion. **Tamm** says Umpqua will operate and are partnering with
15 WISH, a parenting group for the developmentally disabled. WISH is providing the resident
16 services and Umpqua will provide the property management. **Fieldman** asks if they are a new
17 group in town. **Tamm** responds that they are fairly new, and they work with the county senior and
18 disabled services. They formed about three years ago to start working towards developing housing
19 for this population. **Crager** adds that, as it relates to the On The Move grant, both Karen
20 Clearwater and he exchanged several calls with DHS when this was going on, trying to get a better
21 understanding of the situation and ways in which the funding could continue to be committed to
22 the project. Unfortunately, this chapter had a sad ending as it relates to some of the litigation and
23 investigation at DHS and the ultimate release of several staff. A lot of this was tied up in the
Department of Justice and they were told they appreciated the situation, but there was nothing they
could do about it. **Gillespie** says the department has \$1,308,000 of HOME funds in this project
and we have a liability to HUD for that if the project does not go forward. **Baney** says this sounds
like a fairly unique situation, and asks how the department can make sure this does not happen
again. **Crager** says it is very unique, but it was not the fault of Umpqua, and there was no way
they could have anticipated this. **Baney** says she is supportive of moving forward. **McLaughlin**
says she is too, and points out that they have been very creative in filling as many of the gaps as
they could.

16 **MOTION:** Fieldman moves that the Housing Council approve an
17 increase of \$176,106 in GHAP funds for Neu Place Apartments.

18 **VOTE:** In a roll call vote the motion passes. Members Present:
19 Tammy Baney, Mike Fieldman, Francisco López, Nancy McLaughlin,
20 Jeana Woolley and Chair LaMont. Absent: John Epstein.

21 **VII. SPECIAL REPORTS:** None.

22 **VIII. OLD BUSINESS:** None.

1 **IX. REPORTS:**

2 **A. *Rural Workforce Housing.* Rick Crager**, Acting Director, explains that many of
3 the programs the department offers do not help those in some communities that are not making
4 minimum wage. Much of this is due to state and federal rules and regulations that dictate what
5 level of incomes the department needs to target. Prior to the current legislative session, the
6 department was developing a legislative concept in an attempt to help some of the rural
7 communities that are in need of workforce housing, by changing the income requirements or
8 how the department looks at certain communities; as opposed to using just median income. To
9 demonstrate that there are high needs, we looked at using high levels of commute as a basis. As
10 Bob Gillespie and Bill Carpenter started gathering data, it was difficult to demonstrate that, so
11 we elected to pull the legislative concept because we did not have enough information to make a
12 good case to the legislature for making an exception in certain communities. We do know that
13 there are workforce housing issues in rural parts of the state, on the coast and eastern Oregon. In
14 an effort to do more investigation and have some policy discussions and try to identify ways in
15 which we might be able to provide support to those communities through potential policy
16 changes, and different financial tools, he has asked Bob Gillespie, the Housing Division
17 Administrator, to take the leadership role in convening a policy group to start some dialogue and
18 figure out what we might be able to be put forward. Council was sent a draft of the charter
19 earlier in the week.

20 **Gillespie** reports that data gathered from 32 out of 36 counties in Oregon, showed that
21 households that were making minimum wage, made too much to qualify for the department's
22 housing, because their incomes were above 60% AMI. So they had to look for some other way if
23 they were going to differentiate some areas over others. The department has heard over the years
about low-income households not being able to afford living in communities and having to
commute long distances to work and then expending too much of their income on transportation
costs. Their hope was that when the American Community Survey data came out, it would show
the commute patterns, particularly those areas of the state where the low-income households
were commuting longer distances to work. What they found was surprising; that all across the
state the commute patterns were the same for low, medium or high income. They could not
differentiate the areas based upon an imbalance between the work and the housing. 60% of AMI
in many of the rural counties is equivalent to 43% AMI in Portland, so we are talking about low-
income households. Any time you start talking about housing in rural areas, homeownership is
going to come up as well. The data on that is mixed in comparison to multi-family. In some of
the rural areas of the state, homeownership rates exceed the statewide average. Some eastern
Oregon counties have 70% homeownership rates, where the state is at 63%. Even though the
wages are lower, the homeownership cost is significantly lower and they did not suffer with the
bubble like other areas of the state with the high inflations.

20 The purpose of the Rural Workforce Housing Task Force is to get a policy group together to
21 determine the impediments in both state and federal statutes, to look at some potential changes to
22 where we can make some exceptions, and maybe find a way to designate the areas of the state
23 that have more of an impact. Finally, we would then come up with some strategies: legislative
changes, ideas about different financial structures, or different ways of development planning.
The hope is to start this group in July. Some legislative members have expressed an interest in
this issue and it is hoped that they will be willing and able to serve on the task force. He says he
hopes to have a Housing Council member chair the task force, with staff doing the work and

1 providing the background data. The rest of the participants will include local officials, cities or
2 counties that can describe what is happening in their communities; some rural housing
3 authorities and some rural nonprofit organizations; rural economic development organizations;
4 the Employment Department because of their data access about employment; and Business
5 Oregon. The goal is to hopefully make policy and statutory changes, and come up with some
6 pilot projects. The federal piece is more difficult. We would like to come up with an action plan
7 of working with our delegation or working with NCSHA, because that is the big money that we
8 have available to spend around the state. **Crager** adds that one of the areas in Council's strategic
9 initiatives was how to develop more formal federal requests or plans. This would be a good
10 opportunity if what comes out of this is some recommendations on some changes at the federal
11 policy level that Council can get behind and get the partners that are part of this group behind.

12 **Woolley** suggests having a staff person from one of the offices of our delegation. **McLaughlin**
13 suggests having someone from HUD or RD. Not as a permanent member, but drawing in
14 someone for a specific purpose, and then releasing them later. **Gillespie** says he has considered
15 those groups, but in more of an ad hoc member status. He says he would like to keep the task
16 force membership at 15 members. **Crager** states that, as part of the charter, they could build in
17 that the group would bring in experts where necessary, including, but not limited to,
18 organizations like HUD, RD, etc. **Woolley** says that since this is a policy committee, they would
19 certainly want the people who have set policy at different levels and then others, like the
20 Employment Department, as ad hoc members. **McLaughlin** says that is a good point, and she
21 would be happy to call Carol Gallante, who does the multifamily for HUD, who could certainly
22 provide some advice. **Gillespie** says he would appreciate that. **McLaughlin** asks if he wants
23 more information on single or multi-family. **Gillespie** says multifamily. **Woolley** says she is
totally supportive of taking this on and trying to see if we can do a better job of meeting housing
needs in the rural communities. She asks if it has been vetted with the Governor's office.
Gillespie says it has not. The Executive Team worked on this earlier in the week. The next step
will be to go to our policy advisor at the Governor's Office. Secretary Donovan made some
comments regarding the tax credit program and that there ought to be some exceptions in the tax
credit program to deal with rural issues. **Woolley** states that from Council's point of view, they
understand there are issues that need to be addressed and she does not think Council needs to ask
permission. Council wants to take more of a leadership role and our partners need to be
informed. Discussion follows about whether Council member Baney or Fieldman should Chair
the task force, since they are both from rural areas of the state. **Gillespie** says that he and Rick
will talk further with Baney and Fieldman about who should Chair. **Fieldman** asks that they
make sure to push public transit; **Baney** says to include access.

18 **B. Oregon Homeownership Stabilization Initiative (OHSI) Update.** **Nancy Cain**,
19 Interim OHSI Administrator, reports that her staff is making steady progress in the Mortgage
20 Payment Assistance Program. 1,200 loans have been sent out to be signed by applicants, and
21 they are prioritizing those by applicants who have foreclosure holds expiring. They have started
22 making some payments. Even as they continue to process approvals and borrowers who are
23 signing the loan documents, payments will not be made on their behalf until the end of May.
Servicers want only one monthly payment, and it will take some time for the servicer to post the
payment, so it may not show up until June 8th. There are over 200 loans that are going back to
the intake agencies for the applicant to provide additional information. There have been some
denials, with the first denials going out this past week. The intake agencies are being notified of
those denials so that they can be prepared for the applicant to be calling them. An appeal process

1 has been set up, allowing 21 days from the date of the letter to submit an appeal. **Woolley** asks if
2 the rejected applicants are fitting a certain pattern. **Cain** explains that one applicant could not
3 demonstrate the loss of income from 2008, 2009 and 2010. The criteria is to compare the higher
4 of 2008 or 2009. She says she personally called the three that were rejected. An additional 17
5 denials will be sent out early next week that are all for the same reason -- a land sale contract or
6 otherwise privately financed. Servicers enrolled represent 85% of the borrowers, which is up
7 10% from the last report. Those that are left are the hardest servicers to get, and have a smaller
8 number of loans. There are just a few servicers who refuse to participate. They are starting to
9 work with Treasury on some alternative procedures that would allow them to serve those
10 applicants who are otherwise eligible, which would necessitate the applicant getting OHSI
11 information that a servicer normally would get. **Woolley** asks if there are any larger servicers
12 who are refusing to participate. **Cain** says no. The largest is one with 33 borrowers.

13 The next program that they are focusing on is transition assistance; however they will not be able
14 to start the program by the June 1 target date. The Deschutes/Jackson County refinance pilot
15 program will be launched by June 1. The pilot program will involve pre-screening and will be
16 different in that it is not necessarily borrowers coming in, but is investor driven, so they will
17 need to have an investor willing to sell the loan, and then match the eligible applicant. She says
18 they have a contract with Further Development.

19 **C. Report of the Chief Financial Officer.** **Nancy Cain**, Chief Financial Officer, says
20 the department's financial statement audit will begin soon. The budget work session will be next
21 week. The legislative fiscal analyst is thorough and had 85 questions, some multipart. A large
22 packet of information was submitted in answering those questions. The economic forecast was
23 yesterday and the key item was the General Fund revenue projection. The 2009-11 budget is
24 down \$40M, which will not cause an issue for the department because we still have an ending
25 balance. Lottery is holding constant, which is good news for us. The key piece in the 2011-13
26 budget for us is the \$10.5M of Lottery backed bond proceeds, which is very important because it
27 will be used for preservation. The General Fund going into the 2011-13 biennium is up by
28 \$129M, which is insignificant for a 2-year budget that is \$15B. She says that with swings from
29 one forecast to another, \$129M can disappear quickly, and there will be eight forecasts in the
30 next biennium. **Gillespie** comments that there have been drops over the last years of \$300M -
31 \$500M in a forecast. **Cain** points out that it is better than a decrease and that the state's
32 economic advisor seemed optimistic about the jobs increase, which leads to strong personal
33 income taxes. **Fieldman** asks if OHCS is on the radar for any increases. **Cain** explains that the
34 department has the types of programs that could be targeted. The statewide Homeless Assistance
35 Program, Emergency Housing Account, and General Fund food programs. The department was
36 successful last biennium in getting a small amount added back to the statewide Homeless
37 Assistance Program. **Fieldman** says he heard a rumor that they would be looking to put more
38 money into food programs, and that EHA is one that may be listed as a priority to receive
39 additional funds. He says he participates in a legislative phone call with local legislators to the
40 chamber every other Monday and that Co-Speaker Hanna is always on that call, and it will be a
41 unique opportunity for him to get some time with the Co-Speaker.



Date: 6/8/2011

To: State Housing Council

From: Roberto Franco, Manager
Homeownership Section

Re: Residential Loan Program - purchase of loans equal to or greater than 75% of the local area Acquisition Cost Limit, or \$190,000, whichever is greater.

Background: State statutes require the State Housing Council to establish a single family loan threshold for loans to be reviewed and approved prior to purchase. The current threshold for single family loans includes all loans equal to or greater than 75% of the applicable area program purchase price limit, or \$190,000, whichever is greater.

Considerations: Staff has reviewed all of the following loan files and concluded that the borrowers and properties meet all relevant program guidelines for the Residential Loan Program. All required documents have been properly executed, received, and the loans have been approved for purchase. In addition to being approved by staff, the loan files have been underwritten by the applicable lenders and are insured by either FHA (FB), Rural Development (RG), or Uninsured (U) with a loan-to-value of 80% or less.

Borrower		Lender	SIUSLAW BANK	
Co-Borrower		Purchase Price	\$207,000	Note Amount \$201,747
Property Address	4400 BLOCK SPRING MEADOW AVE EUGENE OR 97404	Cost Limit	\$243,945	Principal Balance \$201,747
		Appr. Value	\$236,000	
		Year Built	1995	
Hshld Income	\$67,776	Living Area (Sq. Ft.)	1,636	Loan-to-Value 97%
Income Limit	\$74,418	Lot Size (Sq. Ft.)	6,534	Insurance Type FB
% of Income Limit	91.07%	Cost per Sq. Ft.	\$126.53	Rate 3.875%
Prior Ownership Yes (Y) or No (N)	N	New (N) or Existing (E)	E	
		Construction Style	Two Story	

Recommended Motion: That the Oregon State Housing Council approve the Consent Calendar.