OREGON STATE HOUSING COUNCIL MEETING

May 03, 2013

Duck Country Apartments-Dunhill

500 SW 11th St. Office, Dundee, OR 97115

Affordable Multifamily Housing

MEETING TIME: 9:00 A.M

MEETING LOCATION:

PHONE CONFERENCE: Held in conference room 124b of the North Mall Office Building

725 Summer Street NE, Salem, OR 97301

Call in Number: 1-877-273-4202

Room Number: 4978330

OREGON STATE HOUSING COUNCIL

May 3, 2013

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Oregon State Housing Council
725 Summer St NE, Suite B
Salem, OR 97301-1266
Phone: 503.986.2000
Fax: 503.986.2132
TTY: 503.986.2100
www.ohcs.oregon.gov/OHCS/OSHC

Council Members:
Jeana Woolley, Chair
Mayra Arreola
Tammy Baney
Aubre L. Dickson
Michael C. Fieldman
Zee D. Koza
Adolph "Val" Valfre, Jr.

OREGON STATE HOUSING COUNCIL MEETING

May 03, 2013 Meeting Agenda

MEETING TIME:

9:00 A.M

MEETING LOCATION:

COUNCIL MEMBERS WILL PARTICIPATE BY PHONE CONFERENCE in lieu of physical meeting

Phone Conference will held in conference room 124b of the North Mall Office Building, 725 Summer Street NE, Salem, OR 97301

Call in Number: 1-877-273-4202

Room Number: 4978330

1.	CALL TO ORDER	Jeana Woolley, Chair
2.	ROLL CALL	Jeana Woolley, Chair
3.	APPROVAL OF MEETING MINUTES a. March 1, 2013 (Revised) b. April 05, 2013	Jeana Woolley, Chair
4.	Public Comment	Jeana Woolley, Chair
5.	New Business a. *Crooked River Apartments*, LLC Portfolio Financing Package Request.	Debie Zitzelberger
6.	REPORT OF THE DIRECTOR	Margaret Van Vliet, Director
7.	Report of the Chair	Jeana Woolley, Chair
8.	Other	Margaret Van Vliet, Director
9.	Adjourn State Housing Council Meeting	Jeana Woolley, Chair

EQUAL HOUSING OPPORTUNITY

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OREGON STATE HOUSING COUNCIL

March 1, 2013 Meeting Minutes

MEETING TIME: 9:00 A.M.- 12:00 P.M.
MEETING LOCATION:
Downtown Athletic Club and Conference Center
Ballroom A/B
999 Willamette Street
Eugene, OR 97401

HOUSING COUNCIL

MEMBERS PRESENT
Jeana Woolley, Chair
Mike Fieldman
Zee Koza
Val Valfre

MEMBERS NOT PRESENT
Mayra Arreola
Tammy Baney
Aubre Dickson

GUESTS

NAME, ORGANIZATION	NAME, ORGANIZATION
Riley Pierce, Jackson County Housing Authority	Becky Wheeler, City of Eugene
Stephanie Jennings, City of Eugene	Betsy Hunter, HACSA
Molly Markarian, City of Springfield	Richard Herman, Metro
Kristen Karle, SVDP Lane County	Shelly Cullin, Chrisman Development
John Wright, Daczewitz LP	Karen Reed, Neighbor Works Umpqua
Norton Cabell, Housing Policy Board	Christin Laney, City of Springfield
Jeremy Leckie, Daczewitz LP	Jeff Towery, City of Springfield
Lisa Rogers, CASA	Greg Pitts, Pitts Development
Jim Morefield, WNHS	Don Griffith, Habitat for Humanity
John VanLandingham, Legal Aid	Claire Seguin, NEDCO
Tom Cusack, Oregon Housing Blog	Pegge McGuire, Fair Housing Council of Oregon
Keith Wooden, Housing Works	Anne Williams, SVDP
Martha McLennan, NHA	
Michael Wish, City of Eugene	

OHCS STAFF PRESENT

Margaret S. Van Vliet, Director	Karen Chase, Regional Advisor to the Dept.	Carol Kowash, Program Coordinator
Dave Castricano, Operations and Policy Analyst	Karen Clearwater, Regional Advisor to the Dept.	Julie Cody, Administrator, Program Delivery Division
Katherine Silva, Executive Assistant to the Director	Karen Tolvstad, Administrator, Policy, Strategy & Community Engagement	Kim Travis, Community Engagement Manager

March 1, 2013
Housing Council Meeting Minutes

1. CALL TO ORDER: Chair Woolley called the March 1, 2013 meeting to order at 9:13 a.m.

2. ROLL CALL: **Chair Woolley** asked for roll call. **Present: Zee Koza, Val Valfre. Mike Fieldman; Mike** arrived late prior to the Public Hearing portion of the meeting. **Absent: Mayra Arreola, Tammy Baney, and Aubre Dickson.**

3. PUBLIC COMMENT:

Jim Morefield, executive director Willamette Neighborhood Housing Services (serving Linn and Benton Counties), also Chair of the Board of the Oregon Opportunity Network, in attendance and speaking at the meeting representing ONN. Morefield spoke specifically about the department's transition project and the planning that is underway. He wanted to say something that frames the position and enthusiasm that OON has with regard to the transition, stating: "ONN is looking forward to a restructuring of housing finance and services administration in the state creating more efficiency at the government level and ultimately stronger and healthier families and communities in the state of Oregon."

OON has created a working-group focused solely on the OHCS transition, incorporating other community organizations and interested parties from the private sector so that they are prepared to participate in a meaningful way. ONN has created guiding principles with the hope that as programs are restructured in the state that we don't also have a disconnect between service delivery and housing policy. OON will provide electronic copies of their guiding principles after the meeting. Morefield expressed OON's continuing interest in the OHCS transition process and encouraged taking the time to do things well by being careful about unintended consequences/impacts during the decision-making process, in addition to considering what other states are doing and how issues are being managed at the national level.

4. LOCAL REPRESENTATIVES: Director VanVliet requested that Karen Clearwater, regional advisor to the department (RAD) for Mid-Willamette Valley, introduce the local representatives in attendance.

   a. John VanLandingham, lawyer for Lane County Legal Aid and Norton Cabell , private market landlord in attendance and representing the Local Intergovernmental Housing Policy Board presented an overview of Housing Policy Board from its inception to the current work being undertaken.
   b. Stephanie Jennings, grants manager for the City of Eugene, gave a presentation on the City of Eugene Housing Plan and the Lane Livability Consortium. Copies of the accompanying PowerPoint presentation for this portion of the meeting are available on the State Housing Council website.
   c. Molly Markarian, from City of Springfield, provided information and PowerPoint presentation on the status of the Glenwood Refinement Project Plan. Copies of PowerPoint presentation for this portion of the meeting are available on the State Housing Council website.

THE MEETING WAS RECESSED FOR A SHORT BREAK AND SET TO RECONVENE FOR THE PUBLIC HEARING ON THE REVISED QUALIFIED ALLOCATION PLAN AND STAFF UPDATE TO THE NOTICE OF FUNDING AVAILABILITY

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5. Qualified Allocation Plan (QAP) Public Hearing **Estimated Start Time 10:15 a.m.**

PUBLIC HEARING ATTENDEES

NAME	ORGANIZATION	TESTIFYING
Tom Cusack	Oregon Housing Blog	Yes
Pegge McGuire	Fair Housing Council of Oregon	Yes
Don Griffin	Habitat for Humanity	No
Richard Henman	Metropolitan Aff Housing	No
Shelly Cullin	Chrisman Development	Yes
Martha McLennan	OON	Yes
Lisa Rogers	OON	Yes
Keith Wooden	Housing Works	No
Anna Geller via Phone (written comments also attached		Yes
Portland Housing Bureau (written comments attached)		

PUBLIC HEARING MINUTES:

Dave Castricano, OHCS Project manager for the NOFA, began with a status update. OHCS staff is currently trying to gavel down on the QAP as the guidebook with the NOFA as the "how to" book. Castricano apologized for multiple versions of the document.

BRIEF OVERVIEW OF WHAT THE NOFA IS AND WHAT WE THINK WE CAN ACCOMPLISH IN IT:

The NOFA is a targeted notice of funding availability. There have been talks of having upwards of 6 NOFAs to as few as 2 NOFAs and as of right now staff have settled (tentatively) on 2 core NOFAS. There will be one for LIHTC funds and one for HOME, GHAP and other funds. There is potential for a 3rd NOFA for smaller projects. The new version of the NOFA features a different way of applying than previously used, which speaks to core principles. New concepts of community need are used integrating multiple factors and regional solutions definition of the word need.

An important distinction for the new NOFA is that in order to submit an application one must meet one of four threshold criteria allowing more focus on policy initiatives. In the past focus was more on financial feasibility. These threshold items will no longer be a part of scoring. Historically, the process has been a beauty contest of feasibility. Threshold feasibility was scored; this has now been changed to a pass fail test (because, most of the time, projects are either feasible or they are not). Focus has now turned to projects that demonstrate the highest need and those that meet the policy criteria with feasibility as a pass/fail test.

Something that came from work session discussions is that there is no one-size fits all model for identifying needs and developing affordable housing, because it does not work in practice across regions. The narrative section is in the process of being developed. The NOFA continues to evolve as a stand-alone document separate from the QAP and it is not being voted on. Over the next 30-days, staff will be continuing work on developing the NOFA sections, in

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addition to developing the guidebook, core application, changing the narrative sections to address issues raised with the hope that everything will flow logically.

LIST OF DECISIONS/MODIFICATIONS MADE SINCE THE LAST PARTNER WORK SESSION:
ISSUE: Limiting the number of applications a sponsor may make in a given year.
Answer: Decided against prescribing this, if it becomes an issue this proposal may come back.

ISSUE: Applying for scattered sites across regions in one application.
Answer: Clarified that sponsors can then you would need to win in all regions and have the highest score otherwise sponsors will lose all regions. In this way applying for scattered sites can be limiting. (This was corrected

ISSUE: Project Phases
Answer: only accept an application for one phase per funding cycle.

ISSUE: Ownership integrity
Answer: Added customary requirements (e.g. sponsor should not be filing for bankruptcy at the same time as applying for funds).

ISSUE: Financial capacity
Answer: Added in that it taken under consideration that if a factor exists which constitutes a "material impairment of applicant's ability to perform" during construction then funding award may be reevaluated.

ISSUE: Competitive Scoring
DECISION: NOFA (not being voted on today, only on the QAP) the portion of the NOFA that deals with competitive scoring is still evolving.

Karen Tolvstad

The QAP is a high level umbrella document and the stakeholders are ultimately interested in the competitive scoring piece of the NOFA. Staff members are ultimately looking for an applicant pool of financially feasible projects with adequate sponsor capacity, ready to proceed and then score. There have been several discussions about how weight is distributed between "best use of funds" and "need." Looking at past applications, going through each one and trying to find the right balance, has revealed that it is an art not a science. The policy guidance that staff would like to give is that best use of funds should outweigh need, not because need is not critical, but because need is so strong everywhere. It's splitting hairs when differentiating the amount of need among regions. Therefore the focus will not be a statewide look but rather a look at the distribution of need within a region from one population to another. It is our goal to publish 5-6 data sources so that sponsors can draw from the same resources with the idea being that if everyone is working with the same information there will be a form of verifiable/quantifiable data.

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The department's goal is to fund projects that meet multiple policy objectives. We are identifying benefits to community that are in most regional policy objectives, in addition to identifying benefits that are within the governor's 10-year plan . This is to give sponsor's an idea what objectives would lead to a finding of best use of funds. The problem has become, how to leave it open-ended, allowing people to be creative as to how to put a forth a project that meets multiple needs, and provide guidance without having the guidance be limiting or prescriptive. Work sessions have led to some discussions about categorizing policy objectives and giving weight to them in that way.

CAROL KOWASH

The QAP has been significantly updated to more closely align with the new notice of funding availability (NOFA) application delivery system and the related processes and selection criteria within the application. It also has been and will continue to be, if changes are minor, modified to comply with changes to requirements mandated by Sec. 42 of the Internal Revenue Code and Sec 142 of Federal Treasury Regulation in addition to any other regulations that affect funding tied to projects.

Key changes within the document include:

- Page 9: Capital needs assessment
- Page 23: Threshold Requirements
- Page 24e-f: Financial feasibility
- Page 26-27: Ability to recapture credits as absolutely necessary.

Additions to the document include:

- Material adverse change to the proposed project and the end project- it reserves the ability for review of those projects and evaluation to determine whether project is still eligible for funds
- Scattered sites- all sites within application don't have to win in all regions, but all must be in scoring position. If there are two or three awards in that region your project has to be one of the awarded projects in each region for your scatter-site project.
- Multi-phase projects will only be considered for one property per NOFA per CFC per general partner. Reason for change is the limited resources and desire to be able to fund for all.

JULIE CODY

After the last housing council meeting we had an excellent discussion on the developer fee during which key concepts and concerns were highlighted: simplify, make it clear, have a cash fee cap on larger projects, reduced funding awards based on savings or higher than anticipated tax equity, etc… All of those things were taken into consideration as well as looking at the practices in other states to avoid reinventing the wheel.

The previous approach utilized a matrix encompassing the complexity of the project. The matrix required a lot of analysis, which caused concern. So we've moved to a set "up to 15% of total project costs" developer fee and we've defined what that means. The set developer fee will

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be calculated at the time of equity closing, not at the time of application or award. The question around receiving donations is still under review.

If between application and closing there's a shift that allows more deferred developer fee etc... Staff will evaluate prior to having funds revert back to the state. We are working hard to address all the issues that have come up with regard to having any amount of the developer fee split back to the state; staff also want to give an incentive for substantial rehabilitation. The decision was made to not add a cap on cash developer fee at this time, will continue to take it under advisement. It really wouldn't apply in the 9% NOFA. Language about deferred developer fees was added in an attempt to be fiscally prudent; we would like to see 50% of developer fee saved at closing.

Public Comments

Tom Cusack: Lake Oswego, OR

Having written the first FHA insured tax credit project in the country, in 1989, Mr. Cusack has a long familiarity with the QAP program. Cusack was very appreciative of the efforts OHCS staff has put forth; he compared these efforts to attempting to change tires on a car that is moving down the road. He urged more focus on incorporating Fair Housing best practice principles into the whole process. He stated that he feels the NOFA provides equity and social justice, de-concentrating poverty. In looking at other QAPs in the country he could start to identify practices that should be included and by his view there needs to be additional work done in the future to get a real analysis of the data and policy areas of opportunity. Mr. Cusack complimented the staff once more and asserted that he will make more detailed comments about the scoring criteria once they are released. Tom requested concrete details as to when we can expect the draft of the criteria.

Peggy McGuire: Director of the Fair Housing Council of Oregon

While there is a general provision requiring that projects meet all applicable laws, there is nothing specifically included about the requirements of the Fair Housing Act. 4,000 calls a year are received by the Fair Housing Council of Oregon from people who believe that they are victims of illegal discrimination. The Fair Housing Council would like to see a provision added that would require certification that project developments are compliant. McGuire recommended that the department require disclosure of any HUD/BOLI complaints because of the broader impacts of complaints triggering a recapture of allocated tax credits. She noticed that the basis boost did not include de-concentration of poverty and thought it might be something the department might want to add.

Lastly, McGuire commented that it would be helpful if the department could provide clarity as to what qualifications the review team will have; this will provide developers with a level of comfort that the reviewers are knowledgeable about the industry and standards.

Shelly Cullin with Chrisman Development

Cullin gave kudos to the department for revising the developer fee policy so that the fee will be set at construction loan closing. Her specific comments and questions stemming from the QAP document were as follows:

- On page 8, 4% tax credit allocation is mentioned however they are not subject to QAP.
- If allocating agency has until December 2013 to allocate to sponsors at the 9% rate, should everyone apply at the floating rate after that point?
- Is there a process for existing projects that want to take part in the extended period, which requires approval from the department, to apply for extension in the initial application?
- The QAP states that more favorable consideration will be given to projects with non-profit participation. This has never been done before. How does this factor in?As a tiebreaker?
- The document state that the minimum years for affordability will determined by SHC. The minimum has always been 60 years for affordable housing; will the additional favorable consideration be given to sponsors that go beyond 60 years? Bond program is 30, additional funds is 60, is there preference for more than 60?
- Page 20 mentions that a 10% developer fee will be allowed in eligible basis, but a fee up to 15% may be allowed. Is only 10% of that in eligible basis?
- Analysis section on page 21 requires that the market study be completed not more than 21 days prior to any submitted application. If the department is not requiring a market study at application then that language needs to be changed.
- Page 22 lists the requirement that all sponsors complete rehabilitation assessments as approved by the department and the bottom of page 44 states that the assessment must be done by an approved 3rd party. Will the department provide a list of approved 3rd parties?

Chair Woolley:

Thanked Ms. Cullin for her comments and stated that the housing council really appreciates the benefit of having the public present because having been through the process several times they catch the little things missed by staff.

Martha Mclennan, Executive Director of NW Housing Alternatives
Lisa Rogers Executive Director of CASA both representing (Oregon ON)

Mclennan started by stating that It is going to take OON a bit of time to have meaningful comments; but expressed that they really do want to take the time to be thorough both on small and large things. She cautioned that the council may receive substantive comments during the comment period, which might affect the timeline moving forward. One of the things that OON and its members have been thinking about in regards to the QAP is the level of detail, finding that the draft contains much more than in other states. McLennan expressed concern that this document has so much embedded in it at a detailed level then you may find that the QAP and the NOFA may not align. One example of this can be found among the listed selection criteria. The QAP has approximately 20 selection criteria which do not match the selection criteria set

forth in the NOFA. This creates questions: When do they both apply? Do they both apply? Does one or the other apply? Should the QAP be scaled back to be a higher level policy document?

Mike Fieldman:

Council Member posited as we go through this, developing a process that is really quite new, it is inevitable to have some bugs in it. But, wanting it to be as good as it can be, while also realizing that there are funds that need to be issued, what is your opinion as to the right balance with regard to the competing interests of producing a quality QAP and getting it done so that we can move forward to issuing funds?

Martha McLennan:

McLennan responded; if the process got delayed by 1 month it would probably not make a substantive difference to the projects. She recognized that there are some competing interests, but ultimately stated that pushing QAP completion out by one month will not have the preclusive effect that some think. Lisa Rogers iterated the importance of taking advantage of this opportunity to get the QAP as right as possible.

Chair Woolley:

Assured the public participants and audience that no matter what the housing council decides, they will receive any additional comments made during the comment period and take them into consideration. Chair Woolley stated, "if the comments we receive, once considered, require that we make a substantive change then, even if we approve the document today, we will have to come back together to re-approve the QAP." Everyone will have the opportunity to comment in the next 30-days to ensure that the input is there, so that we end up with a quality QAP and ultimately get everything aligned.

Anna Geller (please also see attached written comments submitted prior to the housing council meeting):

Recognized current leadership in the department and the housing council for the work they are doing. Stated some concerns about the mismatch between documents as well as some timing issues. Concerned about the fact that the QAP becomes a very counter-productive document when over-specific. She stated that the document seems to have two authors. One author concern with NOFA redesigned and one concerned with the old way.
She commented specifically that on page 19 debt service ratio and the cap on the DCR; Geller feels that the cap is arbitrary and is an impediment to the selection process.

Geller recommended that the developer fee not be diminished because donations are raised. Developers should not be discouraged from raising donations and should not be encouraged to develop projects that have low reserves and have to keep coming back to the department for more money because they have don't have high reserves to ensure that they receive higher developer fees.

She cautioned that the language about setting the developer fee at the time of equity closing is confusing. Overall Geller thinks it is a good idea to set the fee at closing because that is a real look from application to closing. She sees a problem with the "claw-back" of money

because it discourages developers from negotiating higher tax credit. Investors love this because they pay less knowing that any amount they pay in excess goes right back to the state.

Geller requested, if preference for tax exempt status is going to remain in the QAP then there should be an added provision providing for the business rationale for that preference. She concluded with a warning regarding the serious ramifications of the mismatch between the NOFA and the QAP and the over-arching policy reformation goals.

Chair Woolley:

Called for questions from audience for staff.

Tom Cusack:

Is there a known date for the publication of the scoring criteria?

Castricano:

The NOFA and scoring criteria are a work in progress, so currently staff cannot give a date. In the next 30 days, staff are tasked to develop the application and update exhibits and must complete all the background work for the scoring process. The goal is to have it completed by March 31st. Training should occur in April in order to keep with the current schedule.

Karen Reed from NeighborWorks Umpqua

Requested clarification on whether a market analysis will be required?

Cody:

A CNA will be required, not a market analysis/study.

Shelly Cullin:

In regards to CNA, can you give us any sense of you would require it to be approved?

Cody:

No, not approved.

Chair Woolley:

The housing council is thinking that they will open public comment period, then come back to approve the changes in April. Chair Woolley mentioned that she was getting the sense that people feel rushed. "We can spare 30 days to make everyone feel comfortable, so that everyone has seen it and knows what is in it, in order for the council to adopt it."

Fieldman:

Concurred.

Koza:

Agreed, based on the comments.

Valfre:

Thanked staff. Staff has worked extremely hard, under the deadlines while allowing for input. Valfre wanted to note that he thinks that the fair-housing piece should get in because it is an important piece.

Castricano:

Staff will make substantive changes to QAP and make progress on project application and scoring manual.

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Chair Woolley:

A new schedule will be published, which includes when the public can expect scoring criteria. She encouraged staff to try to align and clean up these documents, calling attention to those substantive policy issues that need to be re-evaluated in relation to the existing draft. I would expect before we come back here that we will have a modified version that everyone has a chance to look at that will incorporate public comments up to the point of the end of the public comment period.

VanVliet:

The department will speak with legal counsel to get crystal clear on whether or not we will need another 30-day comment period once the QAP is adopted, or voted on at the April meeting. Staff will set a time to have the document available for review with enough time for stakeholders to digest it.

Chair Woolley:

Staff need to make it clear when the scoring criteria and re-vamped document will be available for review and a we should be giving people the most amount of time possible.

Shelly Cullin:

Who should comments be sent to?

VanVliet:

Send comments to Susan Bailey directly or send by email to anyone on the executive team at the department.

MOTION: Mike Fieldman moves to officially open the public comment period. Seconded, Zee Koza. Motion passed.

Vote: In a roll call vote the motion passes. Members present: Chair Woolley: Yes; Mike Fieldman: Yes; Zee Koza: Yes; Adolph "Val" Valfre, Jr.: Yes.

Chair Woolley:

Thanked everyone for participating. Thanked staff for the hard work and effort and outstanding work that has been done to date. She imparted confidence that a better document will be produced, that everyone will be pleased with. Any last questions?

Anonymous:

Can we publish all comments so everyone can see what everyone is seeing?

VanVliet:

We can certainly publish any comments that are provided to us.

Anonymous:

Can policy issues be set out to clearly identify policy decisions?

Chair Woolley:

Yes.

Public hearing is adjourned and public meeting was resumed.

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6. Report of the Director

Director VanVliet discussed the status of the OHCS transition project, stating that staff continues to do a lot of listening and talking and that although not a lot of planning has taken place thus far, planning has begun. The decision has been made that OHCS would be well served to have a consultant team come in to guide us through this process. Therefore, OHCS engaged Coraggio Group to help us with change management. The first step of their work is an organizational assessment; they are taking an internal look to understand how OHCS operates, how we make decisions and what the culture looks like. The second step is a programmatic and fiscal analysis. They will be taking a look at how we receive money, what are the programmatic elements/impacts of our programs and the various work we do, and what our programs are intended to do versus how that actually plays out. Van Vliet asserted that the consultants do not stand in for her or the organization, although they may represent OHCS when appropriate, it is still very much the OHCS staff driving this initiative for the governor's office and the chief operator's office. The consultants will be reaching out to a variety of stakeholders in the near future, but she is not quite sure what that looks like yet.

Van Vliet then directed attention to the 3-month look ahead for council meeting agenda items reminding that at the April meeting, Michael Jordan, COO will be in attendance. She thinks it will be helpful to hear from him about where the OHCS transition fits in with broader transformation of state government depicted in the governor's 10-year plan. The May meeting will need to be moved from La Grande to Salem to accommodate for busy schedules surrounding legislative session. The director advised the housing council to think about scheduling the previously discussed joint meeting with CAPO and what time frame might be best suited for that opportunity to come together.

Van Vliet discussed how the sequester is going to impact housing in Oregon. Voucher program will have a big impact as well as clients they are trying to house. In terms of cuts to funds, the cuts will be felt by HOME and ESG funds. Partners out on the ground will feel more of the sharp impact in the short run.

7. Report of the Chair Jeana Woolley, Chair

Chair Woolley was asked to testify with several partners in front of House committee on Human Services and Housing. She commented that the OHCS agency review has been moved to a new committee this year. Chair Woolley posited that she was not well advised as to what the committee wanted to hear. The problem was that the committee members are not knowledgeable about what this agency does, who the players are and how those players interact.

Clear that we will have to work together to educate the committee so that they can understand what needs to happen this legislative session and so that they can weigh in on the changes needed. It was an interesting start to the season. Hope we will get better guidance on what they need so that we can make it a more meaningful process as we move forward.

Housing council members discussed approving the February meeting minutes and Chair Woolley accepted a motion from Zee Koza to table the approval until the April 5th meeting as the majority of members present for the meeting were not in attendance at the February 1st meeting and those who were listening by phone could not speak to the accuracy based on an

inability to clearly hear using the phone system. Director Van Vliet asserted that the phone system in the conference room at OHCS is being updated to eliminate this problem from happening in the future.

Motion: Zee Koza moves that the Housing Council table approving February meeting minutes. Seconded, Mike Fieldman. Motion passed.
Vote: In a roll call vote the motion passes. Members present: Chair Woolley: Yes; Mike Fieldman: Yes; Zee Koza: Yes; Adolph "Val" Valfre, Jr.: Yes.

9. Adjourn of State Housing Council Meeting Jeana Woolley, Chair

_____ _____

Jeana Woolley, Chair DATE
Oregon State Housing Council

Margaret S. Van Vliet, Director DATE
Oregon Housing and Community Services

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OREGON STATE HOUSING COUNCIL MEETING

April 5, 2013 Meeting Minutes

MEETING LOCATION:

COUNCIL MEMBERS PARTICIPATED BY PHONE in lieu of physical meeting

Phone Conference held in conference room 124b of the North Mall Office Building, 725 Summer Street NE, Salem, OR 97301

HOUSING COUNCIL

MEMBERS PRESENT
Jeana Wolley, Chair
Mayra Arreola
Tammy Baney
Aubre Dickson
Mike Fieldman
Zee Koza
Val Valfre

GUESTS

NAME, ORGANIZATION
Tom Cusack, Oregon Housing Blog
Shelly Cullin, Chrisman Development
Daniel Ledezema, City of Portland
Doug Chrisman, Chrisman Development
Jason Elzy, HAJC
Tom Kemper, KemperCo, LLC.

OHCS STAFF PRESENT

Margaret S. Van Vliet, Director	Carol Kowash, Program Coordinator
Cathey Briggs, QAP Consultant	Heather Pate, Multi-family Section Manager
Dave Castricano, Operations and Policy Analyst	Katherine Silva, Executive Assistant to the Director
Vince Chiotti Regional Advisor to the Dept.	Karen Tolvstad, Administrator, Policy, Strategy & Community Engagement
Karen Clearwater, Regional Advisor to the Dept.	Kim Travis, Community Engagement Manager
Julie Cody, Administrator, Program Delivery Division	

1. **CALL TO ORDER**: Chair Woolley calls the April 5, 2013 meeting to order at 9:00 a.m.

2. **ROLL CALL:** Chair Woolley asks for roll call. **Present**: Mayra Arreola, Tammy Baney, Aubre Dickson, MikeFieldman, Zee Koza, Adolph Val Valfre Jr., and Chair Jeana Woolley.

3. **APPROVAL OF MEETING MINUTES** Housing Council

   a. **February 1, 2013:**

   Chair Woolley asks if there are any corrections to the February 1, 2013 meeting minutes which were tabled at the March 1, 2013 meeting. There being no corrections the motion was read:

   Motion: Zee Koza moves that the Housing Council approve the February 1, 2013 meeting minutes. Seconded,Mike Fieldman. Motion passed.

   Vote: In a roll call vote the motion passes. Members present: Mayra Arreola, Tammy Baney, Aubre Dickson, Mike Fieldman, Zee Koza, Adolph Val Valfre Jr., and Chair Jeana Woolley. Members Abstaining: Mike Fieldman, and Chair Jeana Woolley.

   b. **March 1, 2013:**

   Chair Woolley asks if there are any corrections to the March 1, 2013 meeting minutes. There being a lot of confusion surrounding the content of the March 1, 2013 minutes as presented, the council decided to table the March 1, 2013 minutes as written until the next meeting. In the interim, Chair Woolley will work with OHCS staff to revise and clarify the minutes prior to the next meeting.

3. **STAFF UPDATES (QAP and NOFA Updates)** OHCS Staff

   Julie Cody, Administrator for the Program Delivery Division provided council with several updates on the Consolidated Funding Cycle (CFC) redesign, the Qualified Allocation Plan (QAP) public comment period results and the timeline for the process going forward. She noted key changes in the timeline since the last meeting and announced that the new targeted date for housing council approval of the revised QAP is May 17, 2013. With this target date for approval, the department hopes to have the governor's signature by the end of May, to be able to issue two NOFAs in June of 2013 with a third NOFA to come out at a later date.

   Karen Tolvstad reported that the ultimate goal is to develop a "bang for your buck" analysis, but that the measurements are somewhat tricky. Questions were raised regarding how to measure the total project cost and total project impact. There is some subjectivity to the analysis; the concept will be more like grant writing with regional review teams that are given a full presentation. Tolvstad ensured council members that the details of selection criteria, particularly cost and impact will be covered in the work session to follow.

DRAFT

4. REPORT OF THE DIRECTOR Margaret Van Vliet, OHCS Director

a. *Legislative Session Update*:

Agency is not advancing any policy bills other than budget. HB 2004- speaks to meter charge gets money out of utilities and directs it to OHCS programs to support utility bill payment assistance to low income folks and would change delivery system. 2639-LL would have to accept applications from section 8 and LL mitigation fund. HB 2417 would increase DRF to provide additional resources to support specifically veterans. Provide information and a little bit of testimony.

b. *Review and debrief of OHCS Ways and Means Subcommittee Presentation*

VanVliet reported that the department has been very focused on the Ways and Means process. Thus far legislators have been more interested in how agency is structured and our response to the governor's call for change. Although there is a lot of interest, legislators have not expressed a lot of concern yet, but the director cautioned that it is still early in the process. Director VanVliet advised that the next step is a two-phase process beginning on April 15th the department will be back in front of same sub-committee on Transportation and Economic Development with a presentation that has much more of a fiscal focus. The second phase will be on April 22nd when the department will be back in front of the Transportation and Economic Development sub-committee meeting jointly with the sub-committee on Housing and Human Services. She made note that both hearings are not open for public testimony.

c. *Agency transition planning update*

Director VanVliet posited that very shortly we will be having more public communication about an established work plan for the transition process. She plans to go deeper about the work ahead of us and to discuss the potential roles for housing council in that.

5. Other

6. Report of the Chair: Chair Woolley, to ensure council member participation in the scoring criteria sample work group, deferred any report she might have until the next housing council meeting.

Chair Woolley adjourns the meeting at 10:05 a.m. in favor of council member participation in a sample work group on NOFA selection criteria starting directly following the housing council meeting at 10:00 a.m.

_____	_____
Jeana Woolley, Chair DATE	Margaret S. Van Vliet, Director DATE
Oregon State Housing Council	Oregon Housing and Community Services

DRAFT

Crooked River Apartments Portfolio Financing Package

Pass-Through Revenue Bond Request (FC and HC Approval)
4% Low Income Housing Tax Credit Request (FC Approval only)
Low Income Weatherization Grant Request (FC and HC Approval)
Housing Preservation Fund Loan Request (FC and HC Approval)

Executive Summary

Project Owner:	Crooked River Apartments, LLC • Managing Member – Central Oregon Affordable Housing, Inc. • Investor Member – American Express-West Equity Fund Limited Partnership; a fund sponsored by Enterprise Community Investment
Portfolio of 3 Properties Specific Project Info:	**Madison Apartments**, 30 Units 950 SW Madison Street Madras OR 97741 **Willow Creek Apartments**, 40 Units 410 NE Oak Street Madras OR 97741 **Wintergreen Apartments**, 24 Units 2050 SW Timber Avenue Redmond OR 97756
Pass-Through Revenue Bond Request:	**$5,193,296 combined bond sale proceeds** *All bond proceeds are short-term to be paid in as needed at close and subsequent draws as requested by the borrower and approved by the lender*
Bond Series:	Housing Development Revenue Bonds - 2013 Series A
Bond Finance Charge:	$155,798 *(collected at bond sale closing)*
Combined Appraised Value:	$4,440,000 *Rent Restricted, Prospective Stabilized Value After Renovation*
Perm Debt Coverage Ratio (DCR):	1.60:1 *(estimated first full year of stabilized operation)*
4% LIHTC Annual Allocation:	**$288,433** *(estimated equity: $2,771,270)* *$18,748 LIHTC Reservation fee, collected at bond closing*
Affordability Period:	60 Years
Target Population:	Family at or below 60% AMI
Finance Committee Meeting:	Voting to Approve: 3 Voting to Decline: 0 Absent: 0

/ S / April 23, 2013
Julie V. Cody, Finance Committee Chair Date

/ S / April 23, 2013
Margaret S. Van Vliet, Director Date

[Recommended motions on next page]

RECOMMENDED MOTIONS

Finance Committee and State Housing Council:

BOND RECOMMENDED MOTION: To approve a Pass-Through Revenue Bond Financing in an amount not to exceed $5,193,296 to Crooked River Apartments, LLC for the acquisition and renovation of Madison Apartments, Willow Creek Apartments, and Wintergreen Apartments, collectively known as Crooked River Apartments. Approval is contingent upon the borrower meeting OHCS, US Bank, and USDA Rural Development underwriting and closing criteria, documentation satisfactory to legal counsel, and Treasurer approval for the bond sale; and contingent upon USDA Rural Development completing their closing due diligence and prepared to close simultaneously with the bond sale and construction loan closing.

HOUSING PRESERVATION RECOMMENDED MOTION: To approve a Housing Preservation Fund loan request not to exceed $4,650,005 to Crooked River Apartments, LLC for the acquisition and renovation of Madison Apartments, Willow Creek Apartments, and Wintergreen Apartments known collectively as Crooked River Apartments.

WEATHERIZATION RECOMMENDED MOTION: To approve an allocation of a Low Income Weatherization Fund grant in an amount not to exceed $206,800 for eligible weatherization components, estimated to be allocated to each property as follows: Madison Apartments - $66,000; Willow Creek Apartments - $88,000; and Wintergreen Apartments - $52,800.

Key Participants/Financial Team

Bond Issuer:	**Oregon Housing and Community Services (OHCS)**
Borrower:	**Crooked River Apartments, LLC**
General Partner:	**Central Oregon Affordable Housing, Inc.**
Borrower Counsel:	**Doug Blomgren, Bateman Seidel**
Consultant:	**Michelle Silver, Silver Consulting Services, LLC**
Management Agent:	**Viridian Management, Inc.**
Bond Counsel:	**Orrick, Herrington & Sutcliffe LLP**
Financial Advisor:	**Caine Mitter & Associates Inc.**
Trustee:	**US Bank National Association**
Lender/Bond Purchaser:	**US Bank National Association**
Lender Counsel:	**Miller Nash LLP**
Secondary Lender:	**USDA Rural Development**
Architect:	**Pinnacle Architecture**
General Contractor:	**Dennis Cross & Robert Wiles, W.C. Construction**
Tax Credit Investor:	**Enterprise Community Investment, Inc.**

Building Information

Total Number of Units	Madison: 30 units Willow: 40 units Wintergreen: 24 units Total: 94 units
Total Number of Affordable Rental Units	Madison: 30 units Willow: 39 units Wintergreen: 24 units
Total Number of Accessible Rental Units	Madison: 2 units Willow: 2 units Wintergreen: 2 units
Gross Building Square Footage:	Madison: 24,541 Willow: 32,372 Wintergreen: 20,352
Residential Square Footage:	Madison: 24,000 Willow: 31,588 Wintergreen: 19,420
Commercial Space Square Footage:	Madison Office/Laundry: 541 Willow Office/Laundry: 784 Wintergreen Storage: 288 Wintergreen Office/Laundry: 644
Site Description:	Madison: 2.03 acres Willow: 2.90 acres Wintergreen: 1.64 acres
Project Description:	The Crooked River Apartments project is a preservation project involving acquisition, rehabilitation and combined ownership of properties currently being operated as separate Rural Development family complexes. The proposed financing will consolidate the properties under a single ownership to be operated as one scattered site project.

Existing Population:	All properties serve singles, couples and families at or below 60% AMI.
Occupancy:	Madison: 100% Willow: 98% Wintergreen: 92% *As identified in Appraisals dated 8/7/12.*
RD Rental Assistance:	Madison Apartments 28 units currently 30 units upon renovation completion Willow Creek Apartments 38 units currently 39 units upon renovation completion Wintergreen Apartments 22 units currently 24 units upon renovation completion *Tenants that receive RD Rental Assistance pay no more than 30% of their income for rent.*
Buildings:	Madison: 4 2-story buildings Willow: 5 2-story buildings Wintergreen: 3 2-story buildings
Year Built:	Madison: 1995 Willow: 1990 Wintergreen: 1992
Remaining Economic Life After Renovation:	Madison: 50 years w/renovations Willow: 50 years w/renovations Wintergreen: 50 years w/renovations
Serviced by Elevator:	Madison: ☐ Yes ☒ No ☐ N/A Willow: ☐ Yes ☒ No ☐ N/A Wintergreen: ☐ Yes ☒ No ☐ N/A
Construction Type:	☐ New Construc. ☒ Acq/Rehab
Parking:	Madison: 60 spaces Willow: 78 spaces Wintergreen: 39 spaces
Tenant Relocation:	Projects will remain occupied during the rehab. One to two buildings will be fully vacated to allow for full interior renovation to occur. Tenants to be relocated back to their units and exterior work will be completed.

OHCS Reviews

OHCS Subsidy Layering	☒ Acceptable Date: 4/22/2013
OHCS Architectural Review:	☐ Acceptable Date: N/A for Conduit/4%
OHCS Management Agent Review	☒ Acceptable Date: 11/30/12
OHCS Reviewed Resident Services	☒ Acceptable Date: 11/30/12 Appropriate supportive services must be available to residents with special needs. Services shall not be a condition of occupancy. A Resident Services Plan, formulated specific to the individual residents' needs, is provided by the property owner. The Plan is reviewed and approved by OHCS and monitored for compliance.
Fair Housing	The Owner agrees that the Department, qualified tenants, and appropriate third parties will be eligible to enforce the IRC entitlements with respect to the Project for the Affordability Period as

	provided by the Fair Housing Act, with respect to minimum accessibility, adaptability and prohibition of discrimination. Ethnicity data collection is limited to HOME projects only.
Meets Allowable Zoning Criteria:	☒ Yes ☐ No ☐ N/A Madison: Multiple Family Residential (R-2) Willow: R-2 w/Medical Overlay Wintergreen: High Density Residential All are legal conforming uses.
Environmental Reports Received/Reviewed	☒ Yes ☐ No For all 3 properties, an Environmental Screening Report testing for possible lead based paint hazards, asbestos containing materials, lead in water, and elevated radon was conducted by Inspections Unlimited on all 3 properties. The reports concluded no further action or special construction practices are necessary.
Geotechnical Report Received/Reviewed	☐ Yes ☐ No ☒ N/A Existing building. No excavation.
Realistic Development Schedule	☒ Yes ☐ No Construction begins: June 2013 Construction completed: December 2013 Placed in Service December 2013 Perm Financing Close June 2013

Market Information

Review of Market Analysis completed by Mike McHam, Oregon State Certified General Appraiser, Oregon Housing and Community Services, on September 6, 2012 for Madison Apartments, September 4, 2012 for Willow Creek Apartments, and September 25, 2012 for Wintergreen Apartments.

Appraisal Completed By:	Colliers International Valuation & Advisory Services
Report Date:	August 7, 2012 for all 3 properties
OHCS Market Analysis Acceptable:	☒ Yes ☐ No ☐ N/A
Rents 10% Below Market	☒ Yes ☐ No ☐ N/A
Lender Review/Meets Underwriting Criteria	☒ Yes ☐ No
Investor Review/Meets Underwriting Criteria	☒ Yes ☐ No

OHCS Market Analysis Reviewer's Conclusions:

The reviewer accepted the conclusions contained in the market analysis portion of the Appraisal report. Note that the properties are in receivership with Rural Development the court-appointed receiver.

Lender's Market Analysis Conclusions:

Madison Apartments in Madras

- Modest population and employment growth is anticipated.
- Unemployment levels are declining but are still high.
- The supply of restricted units in the subject area is being outpaced by demand with no new projects recently completed.
- Market vacancy is 11.3% while affordable vacancy is 2.8%
- The project is in an established neighborhood in an average location.
- The proposed improvements coupled with the increase in the number of subsidized units should create greater demand for the property.
- The LTV during construction is 127% (includes value of tax credits); LTV for the collective 3 properties during permanent phase is 45%.
- Findings in the Capital Needs Assessment are being addressed as part of the rehabilitation.

Willow Creek Apartments in Madras

- Project is in an established neighborhood in an average location.
- The proposed improvements coupled with the increase in the number of subsidized units should create greater demand for the project.
- LTV during construction is 110%; LTV for the collective 3 properties during permanent phase is 45%.
- Findings in the Capital Needs Assessment are being addressed as part of the rehabilitation.

Wintergreen Apartments in Redmond

- Moderate population and employment growth is anticipated for the area.
- Unemployment levels are declining but are still high.
- The supply of restricted units in the subject area is being outpaced by demand, with only 28 new units under construction and no other new projects are known at this time.
- Market vacancy is 1.3% while affordable vacancy is 6.5% (less than 1% if adjusted for released units at one comparable).
- Outlook for the property is considered stable during the next 2-3 years and is expected to continue to see low vacancy levels.
- The project is in an established neighborhood in an average location.
- The proposed improvements coupled with the increase in the number of subsidized units should create greater demand for the subject units.
- LTV during construction is 117%; LTV for collective 3 properties during the permanent phase is 45%.
- Findings in the Capital Needs Assessment are being addressed as part of the rehabilitation.

Appraisal Analysis

A complete appraisal report by Colliers International Valuation & Advisory Services was completed with an effective date of August 7, 2012. Concluded values are presented below:

Valuation	Interest Appraised	Date	Value
As Is w/Restricted Rents			
• Madison Apartments ($300,000 value less deferred maintenance of $290,000)		7/26/2012	$10,000
• Willow Creek Apartments ($670,000 value less deferred maintenance of $425,000)		7/26/2012	$245,000
• Wintergreen Apartments ($500,000 value less deferred maintenance of $125,000)	Fee Simple	7/26/2012	$375,000
Prospective Restricted Rent as Renovated @ Stabilization			
• Madison Apartments		10/1/2013	$410,000
• Willow Creek Apartments		10/1/2013	$760,000
• Wintergreen Apartments	Fee Simple	10/1/2013	$630,000
Prospective Stabilized Value w/Restricted Rents + favorable financing + tax credit value			
• Madison Apartments			$1,180,000
• Willow Creek Apartments			$1,870,000
• Wintergreen Apartments	Fee Simple		$1,390,000
Combined Value:			$4,440,000

The lender concludes, based on the total value of $4,440,000 and a construction loan amount of $5,193,000, the LTV during construction is 117%. This is mitigated by:

- Rural Development's permanent loan is fully funded at close.
- The contractor and developer are experienced in this type of development so construction cost overruns, delays, etc. are not anticipated.
- The Guarantor's financial capacity is sufficient to resize the loan to 80% LTV (based on real estate value plus tax credits).

- Markets are strong with low vacancies, no concessions, increasing market rates, and limited to no new projects proposed or under construction.
- While US Bank is not providing permanent debt for these properties, the LTV on the proposed permanent debt to be provided by RD at closing is 45% (real estate value + tax credit value) and 112% (if real estate value only).
- The proposed improvements will improve the economic life of the properties, will cure deferred maintenance issues and increase tenant appeal.

Development & Financing Team

Borrowing Entity	Crooked River Apartments, LLC
General Partner	Central Oregon Affordable Housing, Inc.
In Good Standing w/OHCS	☒ Yes ☐ No
Construction	US Bank
Credit Underwriting Approved	☒ Yes ☐ No Date: 3/20/13, without substantive contingencies.
Permanent Lender	USDA Rural Development
Credit Underwriting Approved	☐ Yes ☒ No RD Headquarters approved transaction, but RD local has not given final approval contingent upon meeting all closing conditions.
Equity Investor	Enterprise Community Investment, Inc.
Credit Underwriting Approved	☒ Yes ☐ No Date: 11/1/2012, without substantive contingencies.

Financing Structure

Tax Exempt Bonds: US Bank will purchase tax exempt bonds in an amount up to $5,193,296, to be issued by the State of Oregon through it Housing and Community Services Department (OHCS), with an estimated allocation between the properties as follows: Madison Apartments - $1,582,346; Willow Creek Apartments - $2,159,573; and Wintergreen Apartments - $1,451,377.

The construction (bridge) loan through US Bank has a term of 15 months (plus an optional 3-month extension) with interest only payments. The construction loan will be repaid in full at maturity using capital contributions from the tax credit investor member and the proceeds of the Housing Preservation Fund (HPF) Loan. The applicable interest rate for the construction loan shall be locked at bond sale closing.

Permanent financing provided by USDA Rural Development will be fully funded at closing in an aggregate amount not to exceed $2,407,515 (Madison Apartments - $538,108; Willow Creek Apartments - $1,030,000; and Wintergreen Apartments - $839,407). The interest rate will be 1%.

Tax Credit Equity: The chart below summarizes the proposed pay-in schedule of Enterprise's equity contributions with funding conditions. The pay-in schedule will be finalized shortly before the bond sale and construction loan closing when the investor is admitted to the LLC. Assumptions include a price per credit of $0.94 and an estimated total equity pay-in of $2,711,270 for the 4% LIHTC. The chart below represents the estimated equity pay-in schedule.

Equity Installment	Estimated Date	Amt. Funded	Funding Conditions
1	5/15/13	$481,782	Admission
2	5/15/13	$123,335	Construction
3	01/01/14	$142,428	Completion
4	04/01/14	$1,349,984	Stabilization
5	07/01/14	$613,741	Issuance of 8609s
Total		**$2,711,270**	

Permanent Financing – USDA Rural Development: Rural Development will provide a $2,407,515 loan at 1% for 50 years that will be fully funded at acquisition closing.

Combined Estimated Sources and Uses

Permanent Sources	**Total**		**Madison**	**Willow**	**Wintergreen**
USDA Rural Development Loan	$2,407,515		$538,108	$1,030,000	$839,407
LIHTC (4%) Equity	$2,711,270		$795,437	$1,121,401	$794,432
Housing Preservation Loan (taxable)	$4,650,005		$1,530,000	$1,880,005	$1,240,000
Weatherization Grant	$206,800		$66,000	$88,000	$52,800
Deferred Developer Fee	$104,586		$47,323	$39,575	$17,688
Project Cash Flow	$14,662		$4,890	$4,890	$4,882
Project Cash Accounts	$112,000		$18,000	$49,000	$45,000
TOTAL FUNDING SOURCES	**$10,206,838**				
Uses					
Acquisition	$2,628,108				
Construction	$4,692,000				
Development Costs	$2,886,730				
TOTAL USES	**$10,206,838**				

Cash Flow Analysis:

- Combined LTV is 45% on the permanent loan (assuming a value of real estate plus tax credits), and a combined DSC 1.60
- Expenses could increase from $4,823 per unit to $5,149 per unit and the property would still achieve breakeven operations.
- Occupancy can increase from 5% to 10.6% and still achieve breakeven operations.
- The US Bank loan will be paid off with tax-credit equity and OHCS Housing Preservation loan funds.
- The projects will remain occupied during renovations.
- The chart below shows the maximum LIHTC Program rents and market rents.

Unit Type	**No. Units**	**% Median Income**	**Maximum Rent at 60% (LIHTC)**	**Project Rents**	**Market Rents (Market)**	**-10% of Market Rents**
Madison:						
1 Bdrm	5	45%	$585	$400	$400	$360
2 Bdrm	19	44%	$702	$465	$475	$428
3 Bdrm	6	45%	$810	$565	$565	$509
Willow:						
1 Bdrm	10	45%	$585	$400	$400	$360
2 Bdrm	24	44%	$702	$465	$475	$428
3 Bdrm	5	45%	$810	$565	$565	$509
Mgr's Unit	1	45%	$810	$565	$565	$509
Wintergreen:						
1 Bdrm	8	45%	$710	$475	$525	$473
2 Bdrm	13	47%	$852	$585	$610	$549
3 Bdrm	3	44%	$984	$640	$680	$612
Total Units	94					

- Typically in LIHTC transactions, rents must provide a reasonable gap between restricted and market rents to ensure overall success and marketability of the project (usually 10%). However, as subsidized properties the rents are set by Rural Development.

Lender's Projected Annual Income & Expenses *(First Full Year of Operation 2013-2014)*

Gross Rental Income:	$562,380
Vacancy	($27,321)
Effective Gross Income	$535,059

Operating Expenses: *($4,823 p/u)*	($453,324)
Net Operating Income	$81,735
Primary Debt Service: *$2,013,000 @ 1%, 50 yrs*	($51,177)
Net Cash Flow	$30,558
Primary Debt Service Coverage Ratio (DSCR)	1.60

Issuer Information

Bond Series:	Housing Development Revenue Bonds 2013 Series A
TEFRA Hearing Date:	November 1, 2012
Bond Finance Charge:	$51,933 - 1% aggregate bond amount $103,866 - 2% on short term bond amount $155,798 Total Bond Finance Charge *Collected at bond sale closing and may be adjusted based on allowable bond mortgage yield.*
Monitoring Charges:	LIHTC: $35 per unit for 1st 15 years/$25 for next 30 paid annually Bonds: normally .02% of long term bonds. With no long term bonds $0
Bond Purchaser:	US Bank
Bond Closing Date:	June 12, 2013
Term of Loan funded with Bond Proceeds:	15 month term / no amortization *Interest only during 15 mo construction (15 mo initial term on Construction Bond with the option to extend the term 3 months). At Maturity Date, tax credit proceeds and OHCS Housing Preservation Loan proceeds will fully repay the bonds. The affordability and compliance period of the bonds will remain on the project for 30 years.*
Bond Documents In Substantially Final Form	☐ Yes ☒ No Bond documents are estimated to be in substantially final form the week of May 28, 2013.

Department Risk/Mitigating Factors

Meets Issuer's Guidelines for Bond Proceeds ☒ Yes ☐ No Date: April 22, 2013

- OHCS and the State of Oregon are protected from financial risk in a Pass-Through Revenue Bond Financing because the State does not credit enhance nor guarantee the bonds. The Department's bond documents reflect the pass-through of financial responsibility and bond liability to the lender, trustee and bondholder(s).
- US Bank has conservatively underwritten this transaction, including a sensitivity test for higher vacancies, higher expenses, market vacancy, market expenses, and the unlikely potential of RD not renewing the annual subsidy. Approval was recommended based on the strengths and experience of the development team, the financial strength of the Guarantors, the strengths of the projects in the market, Rural Development's commitment for permanent financing to be received at closing, and the Bank's construction loan being repaid from tax-credit equity and OHCS Housing Preservation funds.
- US Bank's construction loan will be cross collateralized and cross defaulted.
- The development and financing teams are very experienced in packaging and managing successful tax-exempt bond projects coupled with 4% LIHTC resources.
- The projects are currently held by Rural Development. Rural Development is highly motivated to transition the ownership to Crooked River Apartments, LLC.

I recommend approval of the motions found on the second page of this report.

Debie Zitzelberger, Senior Loan Officer Multifamily Finance and Resources Section	Carol Kowash, Tax Credit Programs Representative Multifamily Finance and Resources Section

Finance Committee approved the recommended motions as written, including approval of the 4% Low Income Housing Tax Credit allocation.

Oregon State Housing Council

	May 3, 2013	May 17, 2013 *(new date)*	JUNE 7, 2013	July 12, 2013
Briefings, Updates, Discussion Items	Salem, OR (telephone conference) -All other items tabled until the May 17th, meeting	Salem, OR *(new location)*	*Industry approaches to Asset and Property Management *State government transformation efforts	Cancel?
Housing Finance Approvals	Crooked River Apartments	NONE	Tanager Park Apartments (Conduit Bond Program)	
Other Approvals	NONE	QAP Approval		

2013 Meeting Dates		Possible Future Topics
May 3, 2013- Phone May 17, 2013- Salem, OR June 7, 2013 **July 12, 2013 – Cancel?** August 2, 2013 September 6, 2013 October 4, 2013	November 1, 2013 December 6, 2013	• Housing needs assessment summary • Rent to Own programs • Governance, Program Funding, and Partner Chart • Regional Solutions and Regional Advisors • Ending Homelessness and “Housing First” Update • Scan of other states’ Housing Finance Agencies • Integrating with other state agencies • Special Needs populations • Manufactured Housing models

(T) Tentative