OREGON STATE HOUSING COUNCIL PUBLIC MEETING

June 7, 2013 at 9:00 a.m.

Willakenzie Crossing Apartments
Affordable Housing for Adults with Developmental Disabilities
3057 Willakenzie Road
Eugene, Oregon 97401

MEETING LOCATION:

725 Summer Street NE, Conference Room 124a/b
Salem, OR 97301

CALL IN PHONE NUMBER:

Call in Number: 1-877-273-4202
Room Number: 4978330

OREGON STATE HOUSING COUNCIL

JUNE 7, 2013

PUBLIC MEETING PACKET

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Oregon State Housing Council Public Meeting

Date: June 7, 2013
Location: Conference room 124a/b, North Mall Office Building
725 Summer Street NE
Salem, OR 9730

9:00 a.m. - JOINT MEETING:
Oregon State Housing Council and Community Action Partners of Oregon (CAPO)

1.	Introductions	Teresa Cox, CAPO President Jeana Woolley, SHC Chair
2.	State Government Transformation	Michael Jordan, COO
3.	OHCS Transition Update and Discussion	Margaret Van Vliet, Director

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10:00 a.m. - Oregon State Housing Council Meeting:

1.	CALL TO ORDER	Jeana Woolley, Chair
2.	ROLL CALL	Jeana Woolley, Chair
3.	APPROVAL OF MEETING MINUTES a. March 1, 2013 (Revised) b. May 17, 2013	Jeana Woolley, Chair
4.	Public Comment	Jeana Woolley, Chair
5.	New Business a. Capacity Building Presentation	Robin Boyce, Housing Development Center
	b. 4% LIHTC Reservation Charge, *Proposed Increase*	Julie Cody, OHCS
6.	Report of the Chair	Jeana Woolley, Chair
7.	Other	Margaret Van Vliet, Director
8.	NOFA Scoring and Evaluation Update	Karen Tolvstad, OHCS
9.	Adjourn State Housing Council Meeting	Jeana Woolley, Chair

EQUAL HOUSING OPPORTUNITY

CALL IN NUMBER: 1-877-273-4202; **ROOM NUMBER**: 4978330

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725 Summer St NE, Suite B
Salem, OR 97301-1266
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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

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

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 Van Vliet 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
Karen Reed	NeighborWorks Umpqua	
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

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.

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 pricing. 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 whether 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.

Van Vliet:

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?

Van Vliet:

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.
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. Chair Woolley called for any last questions.

Anonymous:

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

Van Vliet:

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.

DRAFT

5. Report of the Director

Director Van Vliet 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 were not knowledgeable about what the agency does, who the players are or how those players interact.

She stated that it's 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 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 the proceedings given the existing phone conferencing system. Director Van Vliet informed that the phone system in the meeting 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.
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

DRAFT

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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 17, 2013 Meeting Minutes

MEETING TIME:
9:00 A.M
MEETING LOCATION:
Conference room 124a/b of the North Mall Office Building,
725 Summer Street NE
Salem, OR 97301

HOUSING COUNCIL

MEMBERS PRESENT
Jeana Woolley, Chair
Tammy Baney
Aubre Dickson
Mike Fieldman
Val Valfre
Zee Koza

Member's Not Present
Mayra Arreola

GUESTS

NAME, ORGANIZATION
TOM CUSACK, OR HOUSING BLOG
SUSAN LIND, OHA AMH
JONATHAN TRUIT, NHA
JOHN MILLER, OREGON ON
JEFF PUTERBAUGH, DHS-OCCPC (MFP)
SHELLY CULLIN, CHRISMAN DEV.
SAJ Jivanjee, DEVELOPER
ED FRANKS, IQ CREDIT UNION
CRAIG STARKEY, IQ CREDIT UNION

OHCS STAFF PRESENT

Margaret S. Van Vliet, Director
Julie Cody, Administrator, Program Delivery Division
Karen Tolvstad, PSCE Division Administrator
Heather Pate, Multi-family Section Manager
Katherine Silva, Executive Assistant to the Director
Natasha Detweiler, Research Analyst
Danny Gette, Senior Loan Officer

1. CALL TO ORDER: Chair Woolley calls the May 3, 2013 meeting to order at 9:04 a.m.

2. ROLL CALL: Chair Woolley asks for roll call. Present: Aubre Dickson, Mike Fieldman, Zee Koza, Adolph Val Valfre Jr. and Chair Jeana Woolley. Tammy Baney joined the meeting in progress.

3. APPROVAL OF MEETING MINUTES

a. March 1, 2013 (Revised)

Chair Woolley asked if there are any corrections to the March 1st, 2013 meeting minutes. There being no corrections the motion was read:
Motion: Mike Fieldman moves that the Housing Council approve the March 1st, 2013 meeting minutes as revised. Zee Koza seconded.
Vote: In a roll call vote the motion fails. With one abstention, a quorum could not be established. Members present: Aubre Dickson, Mike Fieldman, Zee Koza, and Chair Jeana Woolley. Members not present: Tammy Baney, Mayra Arreola.
Chair Woolley requested that staff follow-up with Tammy Baney, as she joined the meeting in progress after the roll call vote was taken.

b. May 03, 2013

Chair Woolley asked if there are any corrections to the May 3rd, 2013 meeting minutes. There being no corrections the motion was read:
Motion: Aubre Dickson moves that the Housing Council approve the May 3rd, 2013 meeting minutes as written. Zee Koza seconded.
Vote: In a roll call vote the motion passes. Members present: Tammy Baney, Aubre Dickson, Mike Fieldman, Adolph Val Valfre Jr., and Chair Jeana Woolley.

4. Public Comment

Chair Woolley called for members of the public wishing to provide public comment for the council to do so and indicated that time would be allocated for those in the audience intending to speak about the QAP and NOFA to do so after the staff presentation and recommendations had been made, but encouraged anyone who could not stay until that point to come forward.

John Miller of Oregon Opportunity came forward, introduced himself and his colleague Jonathan Truit and expressed that their comments would be in advance of the staff presentation, barring objection of the council. No objections were stated. Miller started by starting that he will make general remarks, allowing Truit to speak to more specific comments. Miller started by thanking council members for their service. He recognized the difficulty of creating a redesigned process that works well and equitably, particularly in a fiscally challenging environment, with scarce resources and great need in all areas of the state; and, on behalf of OON and its members, Miller voiced appreciation for the efforts of the Department to work closely with OON and its members at each point of this process.

Truit advised council members that he was a member of a CFC Redesign Work Group established by OON in February of 2012. The work group worked with OHCS staff, which provided a lot of opportunity for input. He stated that overall OON members were pleased with the Department's choice to streamline and shorten the QAP to a policy focused document and recognized that

further revisions will be made in future cycles. Truit asserted that the draft program manual had incorporated good changes, but there were still some outstanding concerns with it and it was his hope that there would be opportunity for input before the final version of the program manual is published. Mr. Truit then shifted focus to the NOFA, advising the council that significant concerns existed provisions in the document as it appeared in the housing council packet. The first of those concerns was the lack of predictability and transparency within the proposed scoring criteria. Truit stated that there is a level of comfort with the inherent subjectivity of this process, but the lack of information about how points will be awarded within each category provides little-to-no guidance about which areas should be addressed by sponsors in a more in-depth way. Truit informed that this NOFA relied heavily on data, noting that he does not feel as though this is negative per se, but that data sources can provide conflicting or skewed information making it difficult for the scoring teams to make objective comparisons.

John Miller added, a third serious concern stems from the reliance on a regional framework that is currently not in existence. OON do not see Regional Solutions Teams as reliable solution because they do not necessary have housing on their radar and ultimately the RST membership on whole lacks housing expertise. This leads to a level of anxiety about how applicants will learn the new process. Miller and Truit both look forward to clarification on how the new plan will work and how the regional teams will come together. Acknowledging that the process must move forward and despite any stated concerns, Miller wished for the best going forward and reaffirmed that he and OON members are committed to a continued partnership working toward shared goals.

Chair Woolley thanked Miller and Truit for their comments and participation. She then called for questions from council members.

Tammy Baney, stated that she was concerned about the statement John Miller made, that RSTs do not have housing on their radar. She asked Miller if he thinks this is because there is a lack of education or a lack of interest?

Miller, responded that he feels it is due to their charge, their focus on economic development and the lack of housing expertise that exists among RST members.

Baney encouraged Miller and others to reach out and engage RSTs and make them more aware. Baney stated that although RSTs may be focused on economic development, housing is a critical component of economic development.

Chair Woolley called for final questions, there being none, she thanked Miller and Truit for their continued input and participation in this process.

5. New Business

a. Tutuilla Road Housing Project Phase I Pendleton

Tutuila Road Housing Project, Phase I Pendleton Loan Guarantee Trust Fund Request.

Julie Cody, Division Administrator and Danny Gette, Loan Officer and Project Manager from the Multifamily Finance and Resource Section presented this request before the council.

Gette spoke to this project stipulating that the request is to utilize $387,500 of Loan Guarantee Trust Fund to guarantee a loan by iQ Credit Union to a soon to be formed LLC whose members will be Saj Jivanjee (Managing Member and Architect) and Richard (Dick) Krueger. The two men have partnered on several multi-family projects in Oregon. This is the first project they have proposed to OHCS but Saj has specialized (as architect and developer) in "Workforce (Affordable) Housing" projects for the past 20+ years. The LLC will be a "For Profit" venture targeted to "Low Income" families in Pendleton, OR.

The Tutuilla Road Housing Project, Phase I, Pendleton will be a 22 unit (10 duplexes and 2 detached homes; all single-story) built on one tax lot in Pendleton, OR. 14 units will be 2 bedroom/2 bath each with 996 square feet. 8 units will be 3 bedroom/2 bath each with 1,210 square feet. This will be the first of three phases totaling 72 total units at completion. iQ is seeking a guarantee only for Ph I at this time. Phases II & III will not begin until Ph I is complete. Ph I is 2.07 acres taken from the total 7.02 acres for all three phases.

The lender is iQ Credit Union is a small Vancouver, WA based Credit Union with a $300M loan portfolio. The following notes are taken from proposals by the lender: Although the underwriting meets iQCU requirements, iQCU cannot justify financing a residential rental construction project in Pendleton, OR using the same underwriting guidelines that are applicable in the larger populated Portland/Vancouver market. The risk associated with a smaller population base is not equal. The 25% Loan Guarantee mitigates the risk differential such that iQCU can provide the indicated loan amount. After approval from the State of Oregon for the 25% Guarantee, a formal request will be submitted for iQCU Loan approval in the amount of $1,550,000.

In the subject project, the City of Pendleton will deed the land to Saj and then subordinate their mortgage claim to the developer's lender. This equates to $240,000 of equity. The City of Pendleton loaned Saj (Developer) $50,000 to pay for the initial project due diligence and investigative work. In addition, the City of Pendleton will build the frontage access road including the all of the utility stubs to the subject site. The associated costs for the frontage road and utility stubs are estimated at $662,000. These expenses are often required off-site improvement for the developer. In order to attract a lender for the project, Saj arranged for the State of Oregon to provide a 25% loan guarantee.

Gette requested that the Housing Council approve the motion on page 21 of the housing council packet, requesting a Loan Guarantee not to exceed $387,500 (25% of loan) to iQ Credit Union for the funding of New Construction of proposed project currently known as Tutuilla Road Housing Project Phase I Pendleton.

Chair Woolley asked that staff advise the council about the Loan Guarantee Program itself and the risks that this kind of transaction pose to the Department.

Julie Cody informed council members that if the project were to foreclose and experience a loss then the Department would reimburse, but that there are several safeguards in place to prevent that from happening. The Department would guarantee the loan amount during construction and then it would roll into a 3 year mini-perm.

Aubre Dickson asked what the credit union's conversion requirements?

Craig Starkey answered that the project is 22 units of duplex style apartments, once the project is stable that they would roll this into 3 year mini perm. The city is doing the off-site improvements and there is a 1:2 debt service cover then they will flip into a mini perm.

Mike Fieldman asked what the total cost of the project is?

Ed Franks answered $1.8 million; the city is donating the land and doing the off-site improvements so the real cost of the project is $2.7 million. The loan amount is $1.55 million.

Zee Koza asked where the project is located?

Franks answered, South Hill in Pendleton.

Tammy Baney asked since the LLC is not yet formed who would we be contracting with?

Saj Jivanjee answered that the LLC will be formed as soon as the transaction is approved. He reiterated that he is personally guaranteeing the loan.

Mike Fieldman asked what the Loan Guarantee Program required in terms of affordability?

Gette answered that the Loan Guarantee Program requires 80% AMI for 5 years.

Dickson asked if the credit union has a DCR requirement? He stated that he is concerned that with 2 units vacant, this will negatively impact the DCR.

Franks answered that a covenant have not been set but he imagines there will be a 1:1 cover. He stated that he anticipated demand, but that they can still go to a term loan with a pay down.

Chair Woolley asked for any further questions, there being none, a motion was read.

Motion: Tammy Baney moves that the housing council approve motion on page 21 of their packet. Zee Koza seconded.

Vote: In a roll call vote the motion passes. Members present: Tammy Baney, Aubre Dickson, Mike Fieldman, Zee Koza and Chair Jeana Woolley.

b. 2013 Qualified Allocation Plan (QAP):

Presentation and Staff Recommendations

Julie Cody thanked all of the staff who have worked on the documents before the council for review. She commented that this was a long process, but felt that it was worth it for the resulting quality of the refreshed and rewritten plan. Cody moved on to advise the council that the Department was seeking council approval of the 2013 Qualified Allocation Plan as provided to them in the housing council packet. Cody provided a high level overview of the proposed qualified allocation plan explaining that the QAP is required for all state Housing Finance Agencies and that staff have streamlined and simplified the proposed QAP to meet the requirements set by the IRS. Cody referred council members to the public comments matrix provided to them containing all of the public comments received regarding the QAP and the Department's responses. She noted that many of the comments received were incorporated. Cody advised that the QAP provides information on how the Department allocate the tax credits and the Program Manual will provide all of the specifics about how OHCS will administer the program, evaluation information, developer fee information and forms.

Cody informed the council that because of the nature of the changes made to the process a formal rule-making process will need to take place. Because there is not enough time to engage in that formal rule-making process, Margaret will be using her authority as the Director of OHCS to adopt temporary rules so that OHCS may proceed with issuing the NOFA on June 17th. Cody underscored that to the best of her knowledge there were no surprises in the documents and she believes that partners and stakeholders will not object.

Karen Tolvstad then provided a brief update on the status of the NOFA. Tolvstad started by stating that the NOFA and scoring criteria have are more focused on long-term, big picture outcomes and that the evaluations will be based on more local and regional priorities. Tolvstad acknowledge that without the state being so prescriptive in allocating a certain number of points for each enumerated criteria there is less predictability, but she feels as though the uncertainty can be irradiated with the right training and good clear data. The Department has been working on creating a webpage that will be very simple to use and which will contain helpful, clear data.

The rationale behind not allocating specific points for each evaluation criteria, is that need is so high across regions, the Department is taking a broader view and focusing in on what additional needs are being met by the project. There will be regional scoring teams which will vary across communities; some will be the RSTs while others are Affordable Housing Councils. The overarching goal is to be more holistic in conjunction with Governor Kitzhaber's objectives for outcome focused decision-making. The first step in the process is data collection. Once we have the data then we will focus on training and setting up the scoring teams.

Mike Fieldman interjected asking if this meant that the Department was moving away from utilizing specifically RSTs?

Tolvstad answered, Yes.

Fieldman, followed up by asking who would make up the teams or if there was a process set-up for member selection?

Tolvstad answered that they are currently working on this. She indicated that they are first coming up with categories of people needed, then they will look to fill the categories.

Tammy Baney asked Tolvstad was incorporating any data from communities with 10-year plans to end homelessness.

Tolvstad answered yes. Data from several sources will be compiled and easily accessible so that applicants can input supporting data into their applications.

Tolvstad, concluded by stating that there has been a lot of engagement in this process and that the aim is to alleviate costly and burdensome application processes, while taking a more holistic approach to housing. Tolvstad acknowledged that not everyone will be happy with the finished product, but that staff have tried to balance the competing interests and trade-offs.

Public Comment

Chair Woolley called for anyone intending to give public comment to come forward.

Tom Cusack from Lake Oswego, Or Housing Blog and Housing Development Board member along with council member Aubre Dickson. Cusack noted that he has provided a lot of feedback to the department throughout this process and that he felt that he would be remise if he did not take the opportunity to point out the very positive changes to the QAP. He also wanted to point out very specifically the change made which provides a discretionary basis boost for projects in areas of low poverty areas as this was a recommendation he and Fair Housing Council of Oregon made to the Department. Related to transparency, Cusack flagged the issue of waivers granted related to the QAP. Cusack stated that historically there has been very limited information or understanding about the circumstances that would warrant the use of discretion in granting a waiver. The QAP now contains a provision committing the Department to publishing information regarding the rationale for any waivers granted. Cusack concluded by expressing that he was happy to see that OHCS has made a commitment to take a closer look over the next six months at incorporating fair housing principles into the evaluations. Once this is all said and done, in his view, Oregon may be setting the stage for national best practices for Fair Housing. Cusack complimented the Council and the staff for their hard work.

Chair Woolley called for any questions of Tom Cusack, there being none, she thanked him for his comments. The Chair then called for anyone else who would like to make comments on the QAP or any of the other aspect of the NOFA discussed.

Ross Cornelius, of Guardian Real Estate Services, stepped forward and complimented the Department for all of their great work, highlighting that this is the first time he has seen this

much input and transparency. Cornelius went further to say that the transparency that has been created is a huge step from previous leadership. He reiterated the concern about setting up a regional framework as it can be difficult to do. It will be a new process for all involved to rationalize the regional priorities. Cornelius drew attention to the fact that the basis boost did not include financial feasibility and thought that it might be beneficial to add it, particularly for projects that are entirely tax credit projects.

Cornelius drew attention to the fact that LIHTC projects require sign offs from sponsors, attorneys and bankers, who are all making guarantees as to the content of their proposals. He posed the question for staff to consider about the trade-off between how much underwriting the Department should be doing on a project and how much the sponsors are doing with their guarantees. Cornelius suggested that more discussion be done around this issue and the trade-offs. Mr. Cornelius felt as though comprehensive community development was a concept missing from the published documents and expressed the desire to recognize that housing, being an important part of a community, is really powerful when it is in conjunction with other benefits (e.g. housing and reducing recidivism). Finally, he encouraged the council to look at social investment bonds

Chair Woolley asked for any questions or comments from council members for Cornelius.

Mike Fieldman, echoed the comments on comprehensive community development for special needs communities.

Sharon Neilsen, of the Neilsen Group, stepped forward with a question for the council and staff. Neilsen asked if the RADs would be the appropriate resource within the new NOFA process for getting information.
Director Van Vliet, answered yes, but deferred to Karen Tolvstad for further clarification. Karen said that they are working on designating the appropriate avenues for obtaining information so there will be more to come on that. For now the RADs are the resource.

Neilsen, commented that this process has been rigorous and that while she has concerns- she acknowledges that developers and staff alike are in the midst of a culture change and paradigm shift. Nielsen recognized how uncomfortable the process is and she wanted to commend the staff for their tenacity, continued commitment and support of project sponsors.

Discussion and Vote

With their being no further public comment, Chair Woolley read the following recommended motion for Housing Council members:

Motion: State Housing Council approve s the final 2013 Qualified Allocation Plan as presented today. Chair Woolley reiterated that the council will only be approving the rewritten, streamlined plan so that the NOFA process can move forward. We are simply approving the streamlined plan

and recommending that it be forwarded to the Governor for signature to enable us to move forward with issuing the NOFA in June and allocating funds.

Mike Fieldman commented for the record that he takes issue with "resident services" as criteria category that is simply evaluated with a yes or no response. Fieldman explained that the wrap around services that go along with special needs housing are critical to the success of that project actually serving the needs for which they are created. He suggested, as the process becomes more refined over the next several months, that resident service plans be evaluated more closely.

Tammy Baney commented that the QAP process has been an adventure and thanked all of the partners for doing the work on the ground because without their work needs would not be addressed. Baney stated that she is proud of the agency for taking and incorporating, to a large extent, the input from the partners because the unique aspects of individual communities are critical. Baney cautioned that we may not have gotten it right this time and just as partners are concerned, Housing Council members are equally concerned, but she feels that this is our best educated approach and that it must be tested in order to know whether or not it will work.

Aubre Dickson gave kudos to the staff as this was a big undertaking with everything else that is going on. He imparted his view that the review panel selection will be critical to the success of the new NOFA so he will be looking forward to seeing more information on that. Dickson also drew attention to the scoring criteria regarding energy efficiency requirements and green requirements. Dickson cautioned that this guideline be reviewed carefully as he is concerned that inconsistencies will be counter-productive to the aim of being green.

Chair Woolley advised that she and Margaret had a meeting with Val Valfre as he is out of the country, in order to ensure his concerns would be considered as part of the process. His concerns surround the selection of the individuals on the scoring teams. Chair Woolley expressed that she shared that same concern and acknowledged that others do as well; she reinforced that more clarity will be requested from staff on that topic specifically as the NOFA and supporting documents are refined.

Chair Woolley wanted to ensure that anyone with outstanding concerns knew that there will be additional opportunity for input, there will be a 30- public comment period related to all of the outstanding issues and concerns during the official rule making process. Chair Woolley stated that she and the rest of the Housing Council are committed to making this process more equitable, more transparent –to address policy issues locally and at a statewide level and to shift the focus of the work toward comprehensive community development. She requested patience and trust that and assured everyone that council members and staff will continue to engage throughout the process because it is not done.

Vote: In a roll call vote the motion passes. Members present: Tammy Baney, Aubre Dickson, Mike Fieldman, Zee Koza and Chair Jeana Woolley.

6. REPORT OF THE DIRECTOR

Director Van Vliet started her report by thanking everyone for their patience and commitment to shared goals. She then thanked her staff for their hard work. VanVliet characterized this as a journey and a learning process for all involved; and stated that although the final version of the QAP might have elements that will need to change, this process has established the values of the Department and demonstrated to partners and stakeholders how staff will approach engaging them in this process moving forward.

- Agency Transition Planning Updates

Van Vliet advised the council that good work is being done with the transition planning and the Department intends to publish an in-depth update on Monday that will show the a timeline with the aim of presenting a plan for submission to the Governor and the Legislature in February of 2014. The department will be engaging in building scenarios, which will require three things: 1)baseline data, 2) national best practices data; and 3) creative ideas that just might work. The Director stated that at this point both internal data and external data gathering is in progress, with scenario building set to begin in the Fall. Van Vliet has been working on assembling an advisory committee to guide the work of the Department and to provide a high level look at the scenarios with a fresh perspective. An update on the Department's progress will be provided to the legislature in September with the goal of submitting proposals to the legislature in December for their consideration, which will be voted on in February. This timeline will be part of the update published on Monday so that it is clearly laid out.

- Legislative Update

Van Vliet reported that the Revenue forecast came out yesterday, and the headline gleaned from it was that the General Fund is up $200 million, and although OHCS receives a small amount of funding from the General Fund this will affect other budget decisions which may have a positive impact on the Department. Now the Legislature will be moving toward adopting individual agency budgets; the OHCS budget will go to work session at the end of May. The work session will not require a presentation but the Director and key staff will be present and available to answer questions of committee members.

The Director went on to say that there are several housing-related bills being considered that, if passed, will impact the Department. The first bill provides fixes to the foreclosure mediation program paving a clearer pathway to counseling services. There is a bill that would add a layer of protection for Section 8 voucher holders, making it illegal for landlords to deny applicants solely for that reason. There is a proposed increase to the Document Recording Fee specifically for veteran housing; and there is a proposed increase to the Meter Charge which would allocate funds for additional energy assistance. Department staff are watching these bills very closely as they will bring more resources into OHCS.

- Future Housing Council Meetings

Van Vliet went on to report that the next housing council meeting is scheduled, 3 weeks out, on June 7th, at which, the Director will bring the updated transition framework, Housing

Development Center will be doing a presentation and Michael Jordan, Chief Operating Officer will be present and talk to the council about transformation from the state government point of view. Van Vliet reiterated that the July 12th meeting is cancelled, however there are two transactions that will require approval in July so staff will work to schedule a phone conference with council members for these.

Mike Fieldman, imparted his anticipation of Michael Jordan's attendance and presentation. He reminded the Director that this might be a good opportunity to have a joint CAPO meeting which had been previously discussed at council. Director Van Vliet thanked Fieldman for this reminder and agreed.

7. Report of the Chair

Chair Woolley, posited that she imparted her report when she spoke about the QAP, the process that has gotten the NOFA to its current status and what she anticipates going forward.

9. Adjourn State Housing Council Meeting

Chair Woolley called for any last comments or other business, there being none, she adjourned the meeting- offering as a final thought that the efficiency of this housing council meeting is a testament to the good work of the Department.

Adjourned at 10:45 a.m.

Capacity Building through the Asset Management & Portfolio Preservation (AMPP) Program

Presented by Gail Monahan, Director of Asset Management, Housing Development Center, Andy Wilch, Salem Housing Authority and Jim Moorefield, Willamette Neighborhood Housing Services

June 7, 2013

Housing DEVELOPMENT CENTER

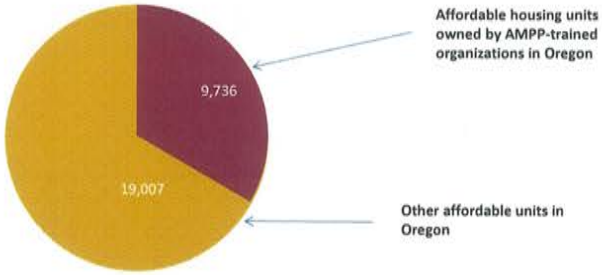
Capacity Building through the Asset Management & Portfolio Preservation Program

Since 2010, General Housing Account Program (GHAP) Funds have been used to build asset management capacity in a significant number of non-profit housing organizations in Oregon through the Asset Management & Portfolio Preservation (AMPP) Program

Housing DEVELOPMENT CENTER

AMPP's Impact in Oregon

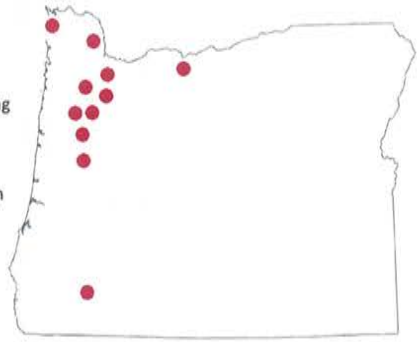
Since its inception in 2010, AMPP has reached more than one-third of affordable housing units owned by Oregon nonprofits and housing authorities.



AMPP's Impact in Oregon

AMPP Participant Organizations

ACCESS Inc.
Cascadia Behavioral Healthcare
Catholic Charities
Columbia Cascade Housing Corporation
Community Action Team
Farmworker Housing Development Corporation
Hacienda CDC
Housing and Community Services Agency of Lane County
Housing Authority of Clackamas County
Housing Authority of Yamhill County



Human Solutions, Inc.
Innovative Housing, Inc.
Metropolitan Affordable Housing Corporation
Northwest Oregon Housing Authority
Polk CDC
ROSE CDC
Salem Housing Authority
Salem-Keizer CDC
St. Vincent de Paul of Lane County
Willamette Neighborhood Housing Services

Oregon cities: Warrenton, St. Helens, The Dalles, Portland, Oregon City, McMinnville, Woodburn, Dallas, Salem, Corvallis, Eugene, Medford

Program Structure

Topics & Timeline

highlighted items include large-group trainings.

Month	Topics	Deliverables
1	Kick-off Meeting / Asset Management Basics	Mission-viability scattergram
1-2	Understanding Loan and Regulatory Documents	Compliance summaries and reporting calendars
3	Property-Level Financial Analysis / Overseeing Month-to-Month Performance	Year-end cash-flow projections
4-5	Building Tools for Analyzing Financial Performance	Analysis workbook, asset management dashboard and cash-flow projections
6	Key Factors of Property Management (Webinar)	Effective property management metrics
7-8	Replacement Reserve Analysis and Modeling	Schedule of properties needing CNAs, replacement reserve models for one or more properties
9	Tax Credit and HOME Program Compliance	Knowledge of compliance obligations
10	Break	
11-12	Understanding and Planning for Year 15 Exits	Year 15 tax projection and exit strategy for one property
13	Two-Day Portfolio Strengthening Clinic	15-year forecast analysis of net cash flow for portfolio; start of Portfolio Preservation Plan
14-17	Portfolio Preservation Plans	Portfolio Preservation Plan draft, including 20-year schedule of major milestones
18	Staffing and Governance / Board Presentation	Reporting format for board of directors; staff and board responsibilities
19	Graduation	Final Portfolio Preservation Plans; Certificate of Completion

Results

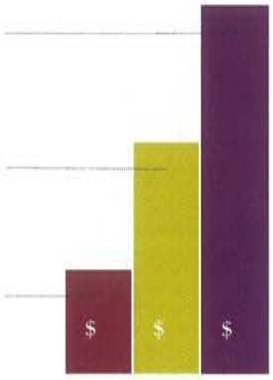
Past participants* report recouping the cost of AMPP within 18 months of enrollment.

*Roughly one-third of participants provided data to measure results.

Organization 1:
Improved net cash flow of whole portfolio by $89,576

Organization 2:
Improved net cash flow of whole portfolio by $56,108

Organization 3:
Improved net cash flow of a single development by $25,400



Asset Management & Portfolio Preservation Graduation Presentation

Salem Housing Authority

March 6, 2013

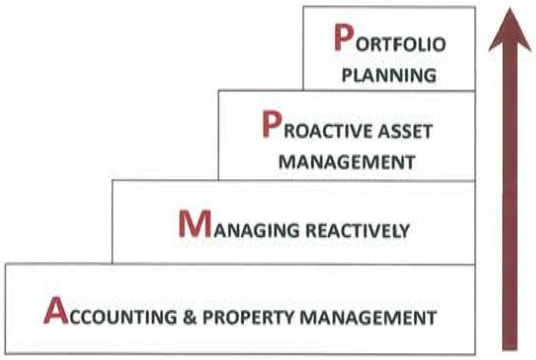
AMPP is up

Salem Housing Authority

- Mission
  - To assist low- and moderate-income families to achieve self-sufficiency through stable housing, community investment, and coordination with social service providers
- Portfolio
  - 307 public housing units
  - 339 affordable housing units
    - HOME, CDBG, Tax Credits
- Demographics
  - ≈1700 people; majority are children or elderly
  - ≈$16,000 annual income
- Self-Managed Properties
  - Nicole oversees all TRAs and maintenance staff

AMPP is up

Steps to Building a Property and Asset Management Program



When SHA embarked on the AMPP curriculum, we were in a passive property management and accounting mode. With the help of AMPP, SHA has moved into active asset management and long-term planning and preservation of its portfolio, agency-wide.

AMPP is up

Portfolio Financial Snapshot

- As of 12/31/2012, cumulative DCR of 1.14
- All properties now have a DCR ≥ 1
- Monthly Dashboard
  - Review and analysis for key staff.
  - Has ultimately made a difference in reserve deposits, NOI, cash flow, and DCR—all tracked monthly.
- Watchlist
  - "Soft" data: curb appeal, site staff performance, compliance

AMPP is up

Portfolio Financial Snapshot (cont'd)

Financial Performance Indicators	AMP1 Scattered	AMP2 RLT	AMP3 Brush College	AMP3 Glen Creek	AMP3 Livingston	AMP3 Meadowlark	AMP3 Northgate	AMP3 Shelton
# Units	87	62	20	30	24	30	26	28
	PUBLIC HOUSING (FYE 9/30/13)							
Revenue Side Issues:								
Concessions loss	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Economic Occupancy	99.05%	99.93%	100.00%	100.00%	96.66%	99.28%	100.00%	93.04%
Average Days Vacant - December	0	3	0	13	30	0	0	14
Turnover Rate - Annual	18.4%	27.4%	65.0%	23.3%	45.8%	23.3%	38.5%	60.7%
Turnover Rate - December	1.2%	1.6%	0.0%	3.3%	0.0%	0.0%	0.0%	0.0%
Vacancy Rate - Annual	0.9%	1.7%	8.2%	3.1%	5.7%	4.3%	6.7%	11.9%
Collection Rate (Total collected - prior mo/current mo billed)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Operating Expenses:								
Operating Expense PUPY	$4,229.64	$5,916.95	$4,659.75	$4,707.63	$5,720.22	$4,726.04	$4,448.42	$4,926.21
Reserve Deposits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Overall Performance:								
Net Operating Income (NOI)	$23,232.91	($4,454.52)	$5,095.54	$1,675.24	$4,108.84	$2,632.62	$5,186.15	($4,050.46)
Net Cash Flow	$23,232.91	($4,454.52)	$5,095.54	$1,675.24	$4,108.84	$2,632.62	$5,186.15	($4,050.46)
Debt Coverage Ratio (DCR)								
Balance Sheet Indicators:								
Operating Cash/Rsv Balance	$185,503.34	$124,304.91	$49,056.80	$50,228.57	$47,450.95	$47,703.79	$53,577.82	$39,721.50
Replacement Reserve Balance								

AMPF is up

Portfolio Financial Snapshot (cont'd)

Financial Performance Indicators	OWNED PROPERTIES (FYE 9/30/13) Duplex/Triplex	Englewood West	Southview Terrace	MANAGED PROPERTIES (FYE 9/30/13) Doral Ave House	Hawthorne House	Englewood East Apts	FYE 12/31/12 TAX CREDIT PTNRSHPS Parkway Village Apts	Southfair Apts
# Units	10	54	60	1	1	50	124	40
Revenue Side Issues:								
Concessions loss	0.00%	0.21%	0.27%	0.00%	3.18%	0.87%	-2.19%	0.70%
Total Economic Occupancy	100.00%	98.00%	96.68%	100.00%	100.00%	99.52%	94.76%	88.90%
Average Days Vacant - December	0	5	0	0	0	0	14	10
Turnover Rate - Annual	30.0%	24.0%	13.3%	0.0%	0.0%	12.0%	37.9%	32.5%
Turnover Rate - December	0.0%	1.9%	0.0%	0.0%	0.0%	0.0%	0.8%	2.5%
Vacancy Rate - Annual	4.0%	1.4%	0.6%	0.0%	0.0%	0.6%	2.5%	5.5%
Collection Rate (Total collected - prior mo/current mo billed)	100.00%	98.14%	98.44%	100.00%	100.00%	100.00%	99.81%	99.05%
Operating Expenses:								
Operating Expense PUPY	$1,954.38	$3,938.50	$4,089.26	$3,482.36	$1,757.64	$4,477.27	$4,208.76	$3,978.52
Reserve Deposits	100.32%	101.39%	68.02%	100.16%	4.26%	102.02%	100.03%	93.99%
Overall Performance:								
Net Operating Income (NOI)	$13,919.86	$19,550.79	$19,869.95	$1,982.22	$1,627.89	$33,474.92	$449,736.44	$107,144.72
Net Cash Flow	$7,091.53	$3,989.09	($2,988.56)	$1,982.22	$877.89	$2,733.02	$58,609.25	$5,612.08
Debt Coverage Ratio (DCR)	2.04	1.26	0.87		2.17	1.09	1.15	1.06
Balance Sheet Indicators:								
Operating Cash/Rsv Balance	$23,881.55	$205,878.22	$204,672.97	$13,888.14	$17,697.17	$52,758.23	$168,143.97	$32,041.43
Replacement Reserve Balance	$12,003.54	$122,342.88	$129,914.05	$0.00	$7,652.69	$257,883.86	$130,343.53	$49,639.05

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Portfolio Financial Snapshot (cont'd)

Revenue Issues:	@12/31/12	Benchmarks
Total Economic Occupancy	94.76%	≥95%
Turnover Rate (Annual)	37.9%	10-20%
Vacancy Rate (Annual)	2.5%	≤5%
Operating Expenses:		
Per Unit/Per Year	$4,208.76	$4,000-5,000
Reserve Deposits	100.03%	≥100%
Overall Performance:		
Net Operating Income (NOI)	$449,736.44	≥debt
Net Cash Flow	$58,609.25	>0
Debt Coverage Ratio (DCR)	1.15	>1.15
Balance Sheet Indicators:		
Operating Cash/Reserve Balance	$168,143.97	Actual
Replacement Reserve Balance	$130,343.53	Per Required

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Compliance Monitoring

WATCHLIST	Meaning of Rating								
Collection Rate	1 = <95% 2 = 95% - 98% 3 = >98%	3	3	3	3	3	3	3	3
Vacancy Rate	1=>6% 2 = 3%-5.9% 3 = <3%	3	3	1	2	2	2	1	1
Curb Appeal	1=fails standards 2=meets standards 3=exceeds standards	2	2	3	3	2	3	3	3
Compliance	1=major issues 2=minor issues 3=no issues	2	2	2	2	2	2	2	2
Outstanding Claims	1=probable payout 2=claim filed 3=no issues	2	3	3	3	3	3	3	3
Site Staff Performance	1=needs improvement in one or more area; 2=meets expectations, team work; 3=exceeds expectations, good judgment	2	2	3	3	2	2	2	2

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AMPP's Impact

- Organizational Changes

- Resident Benefit
  - Unit readiness
  - Long-term stability

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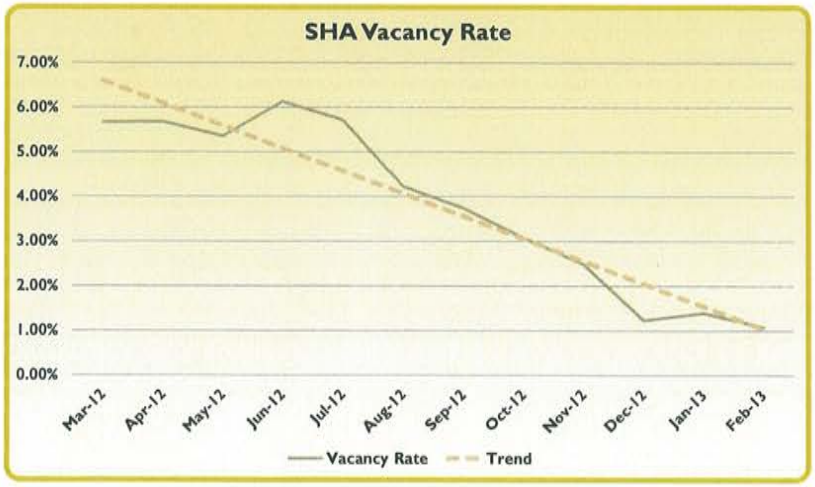
AMPP's Impact



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Organization's Financial Health

- All properties are in the black
- Healthier tax credit properties

Parkway		Cash Flow	Replacement Reserve Balance
	2011	-6330	114904
	2012	15674	130344

Southfair		Cash Flow	Vacancy Loss	Total Income	Total Expenses	NOI
	2010	-67784	22115	254594	281085	-26490
	2011	-22872	16402	264854	246337	18517
	2012	4383	14284	266285	227740	38545

- Cash flowing affordable portfolio

Across All Affordable Housing	
Net Cash Flow 2/29/12	-11649
Net Cash Flow 12/31/12	77927

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Long-term Planning for Portfolio

- Changes to asset management approach
  - Staff-wide buy-in
  - Staff-driven/ self-reporting
  - Round table discussions on current issues
  - Monthly dashboard review and analysis for key staff
- Ground-level asset management allows for more time to look at preservation issues for the whole portfolio
- Reports to Commission

AMPP it up

Key Portfolio Issues

- 2013
  1. Sequestration
  2. Southfair: Critical Repairs & Partnership Exit
  3. Public Housing/Affordable Scattered Sites
- 2013-2018
  1. Rental Assistance Demonstration Program
  2. Parkway Preservation
  3. Restructure Southfair Loan
  4. Refinance Southview Terrace

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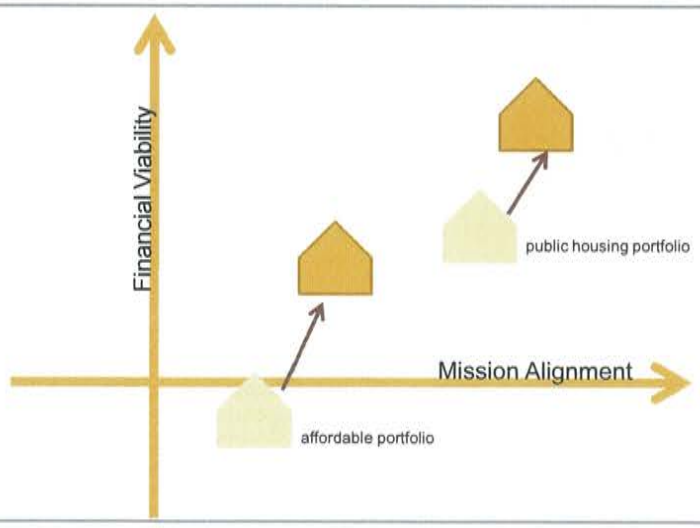
Scattergram



AMPP is up

Jim Moorefield
Executive Director

WILLAMETTE NEIGHBORHOOD HOUSING SERVICES

Creating quality, affordable housing and healthy communities

WNHS Portfolio & Asset Management

- 334 units in Benton and Linn Counties
- 17 properties in Corvallis, Sweet Home, & Lebanon
- Properties range in size from a 5 to units
- Mix includes LIHTC, ARRA Tax Credit Exchange, USDA-RD, HOME, Housing Trust Funds
- 15 properties are 3rd party property managed, 2 self-managed

WILLAMETTE NEIGHBORHOOD HOUSING SERVICES

NeighborWorks® CHARTERED MEMBER

A Comparison of 2010 vs. 2011

	DCR	Vac	ADV
2010:	1.37	7%	67
2011:	1.48	3%	39

*Cash Flow to WNHS increased by 20% in 2011

Real AMPP Outcomes

- Increased cash flow through focus on revenue indicators
- Management systems in place that fully document each property (loan docs, partnership agreements, compliance requirements)
- Property management contracts include performance targets which in turn establishes a strong working relationship.

Most Valuable AMPP Outcome

With systems in place, we now have time to focus on the long term planning and preservation of the WNHS portfolio (aka Asset Management!)

WILLAMETTE NEIGHBORHOOD HOUSING SERVICES

Thank you very much!

WILLAMETTE NEIGHBORHOOD HOUSING SERVICES

CITY OF Salem Housing DEVELOPMENT CENTER

Proposed Increase to 4% LIHTC Reservation Fee

(FC and HC approval)

Executive Summary

Introduction: In the current market environment the Department is receiving a large pipeline of bond/4% applications requesting only short term bonds as developer's are finding lower interest rates on permanent loans through HUD and other investors. The short term bonds are being used to fund the construction portion of the transaction and to access the 4% tax credits. This shift in the market has caused the bond mortgage yield spread limits to become an issue due to the short term nature of the bonds.

Background: In the past, the Department was able to collect enough fees on the long term bond portion of the transaction that there was no need to determine the actual costs of offering the bonds or 4%'s as the aggregate fees being collected were more than enough to cover costs and produce some revenue. Since the long term bonds were outstanding for such a long period, the mortgage yield spread was distributed over the life of the bond and therefore never came close to the 1.5% yield limit.

Now that short term bonds are normally only outstanding for 1 year or less, these costs must be distributed over that shorter period causing a problem with collecting aggregate fees of more than 1.5% of the bond amount. Due to recent discussions with Orrick, it has become clear that if the Department cannot clearly delineate its charges/fees between programs (bonds or 4%'s) then the aggregate of all fees/charges must be included in the yield calculations. This created the need for an analysis of the actual body of work completed in a bond/4% transaction.

Charges vs. Costs: The results of the analysis show that the average cost per 4% transaction is $36,232 while the average fees currently being collected on a 4% transaction are $25,628. The resulting loss is $10,603 per transaction. If this continues over the next year the projected loss to the Department on the 4% transactions is $116,633.

While this increase to the 4% reservation charge may seem extreme, all of the projects in our current pipeline will see a dramatic improvement to their end budget as we are limited to collecting 1.5% of the bond amount and this 1.5% must include the DOJ and Treasury fees (no exception). The next section shows 2 examples of projects currently in our pipeline. The old way is what the current proforma shows we will collect and what the developer has budgeted for. The new way shows the 1.5% we will be limited to collecting and the increased 4% reservation fee. I chose both a large transaction and a small transaction for comparison purposes and to show the developer is consistently receiving a considerable discount over what they have budgeted for.

Effect on Aggregate Costs per Transaction:

Ex 1:

	Bond $	Annual LIHTC $
Old Way	$5,200,000.00	$250,000.00
1% Bond	$52,000.00	
2% short term	$104,000.00	
DOJ	$10,000.00	
Treasury	$10,000.00	
LIHTC 6.5%	$16,250.00	
TOTAL CHARGES	**$192,250.00**	

New Way	
Bond Yield Limit	$78,000.00
LIHTC 12%	$30,000.00
TOTAL CHARGES	**$108,000.00**

Ex 2:

	Bond $	Annual LIHTC $
Old Way	$14,500,000.00	$700,000.00
1% Bond	$145,000.00	
2% short term	$290,000.00	
DOJ	$10,000.00	
Treasury	$15,000.00	
LIHTC 6.5%	$45,500.00	
TOTAL CHARGES	**$505,500.00**	

New Way	
Bond Yield Limit	$217,500.00
LIHTC 12%	$84,000.00
TOTAL CHARGES	**$301,500.00**

Conclusion: By increasing our 4% charges to cover the cost of producing the 4%s, we are aligning our charges with our costs. We will be able to lower our bond transaction charges and remove incentive for developers to go through PABC to avoid charges. The result of not increasing our reservation fee would be that the Department would continue to operate at a loss on short term bond/4% transactions and

suffer an even larger loss on transactions coming through PABC. If the Department chooses not to offer short term bond transactions, the developers will exclusively go through PABC and the Department's losses will be significantly increased. Therefore the most prudent approach appears to be to increase our 4% LIHTC reservation fee to 12% of annual allocation on every 4% LIHTC transaction.

RECOMMENDED MOTION: Move to approve to change the 4% LIHTC reservation fee to 12% on all existing applications and those received after May 15, 2013. For projects that have submitted applications which are now in process, staff may adjust the Reservation charge downward to fit within the project's existing budget structure.

** This motion was approved as written by Finance Committee on 05/16/13

Oregon State Housing Council

	JUNE 7 JOINT MEETING SHC/CAPO	**July** Date TBD-Phone Conference	**August 02**	**Sept. 6**
Briefings, Updates, Discussion Items	Michael Jordan: State Government Transformation Capacity Building Presentation-Housing Development Center NOFA Scoring and Evaluation-UPDATE		OHCS Transition Update	
Housing Finance Approvals		Siuslaw Dunes 2013 credits. Parkway west 2013 credits Century Drive (Manufactured Home Park)		
Other Approvals	4% LIHTC Reservation Charge-*Proposed Increase*			

2013 Meeting Dates		**Possible Future Topics**
June 7, 2013 July (TBD)– **PHONE** 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