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

MAY 1, 2015 | MEETING MINUTES

Housing Council Member Attendance	
Present	Not Present
Aubre Dickson, Chair	Zee Koza
Mayra Arreola	
Tammy Baney	
Mike Fieldman (on phone)	
Marissa Madrigal	
Val Valfre	

Call to Order and Roll Call

Chair Dickson called the May 1, 2015 meeting to order at 9:05 a.m. and asked for a roll call. The present members included: Chair Aubre Dickson, Mayra Arreola, Marissa Madrigal, Val Valfre, Tammy Baney, and Mike Fieldman by phone.

Public Comment

Chair Dickson opened the floor to anyone wishing to make a public comment, there being none the Council moved to the next agenda item.

Draft Meeting Minutes for Approval

- *April 3, 2015*

Chair Dickson asked Council members for any comments, additions, or corrections to the draft April 3, 2015 meeting minutes. Chair Dickson stated that there were a few non-substantive edits to the draft minutes that had been communicated to staff and had been incorporated prior to the meeting.

Council members agreed to approve the minutes for both meetings without further revision. Chair Dickson requested a motion.

The motion was read:

Motion: Val Valfre moved and Mayra Arreola seconded that the Housing Council approve the April 3, 2015 meeting minutes without additional edits.

Vote: In a roll call vote the motion passed without dissent.

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OAHTC Workgroup

Julie Cody, Assistant Director of Housing Finance and Gina Leon, US Bank – Vice President of Commercial Real Estate and OAHTC Workgroup participant presented the Oregon Affordable Housing Tax Credit Workgroup final report. Cody referred Council members to the OAHTC Workgroup Final Report and mentioned that it contains the workgroup findings and recommendations to OHCS for potential changes to the administration of the OAHTC program.

The Department established the ad hoc workgroup to examine the historical use of the tax credit and cap, planned future allocations, expiring credits, the role credits play and the cost associated with compliance. The workgroup was facilitated by Bill Van Vliet, Network for Oregon Affordable Housing and included: Peter Hainely, CASA of Oregon; Janet Byrd, Neighborhood Partnerships; Martha McLennan, Northwest Housing Alternatives; Andy Wilch, Salem Housing Authority; Doug Chrisman, Chrisman Development; Gina Leon, US Bank; and Michelle Haynes, REACH CDC.

Ultimately the group generated a list of potential changes to the OAHTC program and evaluated those options as a group to formulate recommendations.

The list of changes, evaluation and recommendations are captured in the final report, which is published on the State Housing Council website under May 1, 2015 meeting materials.

Chair Dickson called for any questions from Council members.

Val Valfre asked what the current OAHTC cap amount is and if the cap has been hit each year.

Heather Pate, Multifamily Finance Section Manager, responded that the cap has not been met historically because the credit is not aggressively projected out usage and carry forward resulting in underutilization of available credits. OHCS' management and administrative rules governing the OAHTC program need revision.

With no other questions, Chair Dickson requested that Council members receive any reports and supplemental materials with more advance time to review and digest the content before they are slated for discussion at Council meetings. The Chair commented that advance preparation will allow the Council to ask thoughtful questions and have a meaningful dialogue, which is a better use of everyone's time.

Director Van Vliet acknowledged Chair Dickson's comments and request; the Director made the commitment to work with staff to address the issue.

Residential Loan Program, Consent Calendar

Kim Freeman, Single Family Finance Manager introduced herself and began by mentioning that Single Family has two loans on the Consent Calendar for May. The loans are for Marion County in a non-targeted area and Josephine County in a targeted area. Freeman is asking for approval for both of these loans.

- Questions/Discussion:

Chair Dickson asked who bears the risk when loan amount is above 100% of rural development.

Freeman responded that most of those loans are guaranteed rural development loans.

Chair Dickson requested a motion to approve the Consent Calendar.

The motion was read:

Motion: Marissa Madrigal moved and Mayra Arreola seconded that the Housing Council approve the Single Family Residential Loan Consent Calendar.

Vote: In a roll call vote the motion passed without dissent.

Single Family Innovation Funds NOFA

Kim Freeman began by sharing that the Department recently issued the Single Family Innovation RFA. The RFA offered HOAP funds for proposed projects targeting one of three eligible funding categories:
Manufactured Home Replacement;
Closing the Minority Homeownership Gap; and
Aging in Place.

The Department received 12 applications requesting over $1,000,000 and Freeman was pleased to announce that $300,000 was awarded out across four projects.. All applications were evaluated by a three-person scoring committee:
Jesse Beason, Northwest Health Foundation;
Tom Cusack, Oregon Housing Blog; and
Kim Freeman, OHCS Single Family Finance Section Manager.

The scoring committee reviewed and scored all 12 applications and made award recommendations to Director Van Vliet and the Executive Team; the recommendations were approved as submitted and outlined below:

- $145,000 to Umpqua CDC will receive for the replacement of 13 old trailers/mobile homes with new Energy Star rated manufactured homes in Curry County;
- $30,000 to Portland Housing Center (PHC) for work aimed at Closing the Minority Homeownership Gap. PHC is targeting an increase in Latino Homeownership in Washington County through culturally specific financial education;
- $62,500 to ACCESS to assist low-income seniors and persons with disabilities with finding the resources they need to help live a safe and healthy life; and
- $62,500 to the Native American Youth and Family Center for work aimed at closing the minority homeownership gap.

Director Van Vliet noted that the underlying source of funds for the Innovation RFA is the document recording fee.

- Questions/Discussion:

Val Valfre commented that he appreciated receiving a broader explanation of what progress is taking place.

Chair Dickson stated that he was happy to see that awards were made to projects representing all three funding categories. Chair Dickson asked if an email could be sent out that would include the scoring criteria.

Freeman informed the Council that staff would email the scoring criteria information. Freeman gave a brief overview of the scoring criteria, stating that applications were scored by the committee members individually, those scores were then reviewed by the whole committee The criterion consisted of the proposed budget, overall project innovation, and a third Freeman could not recall, but added that a minimum score of 70 points was required. The project sponsor and developer is Chrisman Development, the investor is PNC Bank, and the lenders are Bellwether Enterprises, and USDA Rural Development.

New Business

a. Holiday Gardens

Teresa Pumala, Loan Officer for the Multifamily Housing Finance section introduced herself and the sponsor for the project, Tony Chrisman of Chrisman Development. Pumala presented the request for State Housing Council approval of $11,400,000 in tax-exempt short-term bonds and $6,245,000 of Lottery-Backed Bonds (LBB) Housing Preservation Funds for the Holiday Garden Apartments acquisition rehab project.

Holiday Garden Apartments, if approved, is an acquisition rehabilitation project that will preserve the USDA Rural Development Rental Assistance contracts on 167 of 208 units at three sites located in Sandy, Talent, and Grants Pass. The three properties are currently treated as separate USDA Rural Development Senior and/or Disabled complexes.

There is no construction lender on this project, which is unique. All construction financing will be raised utilizing publicly offered cash, collateralized and OHCS pass-through revenue bonds. Once construction is complete, bonds will be repaid with Low Income Housing Tax Credit (LIHTC) equity, Housing Preservation Fund and/or 538 loan proceeds. Disbursements and repayments of the bond funds will be conducted through the Trustee. The 538 loan is a fixed, 40-year loan. The loan assumption is fixed for 50 years as a consistent loan payment.

The operating budget is well within guidelines and the annual operating expenses are $3,955 per unit. The debt-coverage-ratio (DCR) is 1.28 for the first year; and will remain flat (between 1.28-1.29 percent) for 30 years due to the long-term financing.

Pumala recommended the approval of $11,400,000 in pass-through revenue bond financing, and $6,245,000 in Lottery-Backed Bond (LBB) Housing Preservation Funds for Holiday Garden Apartments.

- Questions/Discussion:

Mayra Arreola asked, approximately, how many individual residents there will be per unit.

Chrisman responded that the units are for senior and disabled individuals so the average is 1.25 tenants per unit. Chrisman added that the project in Grants Pass is the largest Rural Development project in Oregon.

Val Valfre asked Chrisman to expand on the resident services packages offered at the sites. Valfre also asked if the services will be the same at all three properties.

Chrisman explained that Chrisman Development has contracted with a management company, experienced with managing similar RVC properties throughout Oregon, to provide resident services. There is an in house resident services coordinator and the same resident services plan is used at all properties. The USDA Rural Development funds cannot be utilized for resident services. Chrisman added that an in depth resident services survey is administered annually to inform the resident services plan on what services are needed and how they can better connect residents with services.

Chrisman commented that he very much appreciated all that Oregon Housing and Community Services had done to get the project prepared within the allotted time frame.

Chair Dickson requested a motion to approve $11,400,000 in pass-through revenue bond financing, and $6,245,000 in Lottery-Backed Bond (LBB) Housing Preservation Funds.

The motion was read:

Motion: Tammy Baney moved and Val Valfre seconded that the Housing Council approve the pass-through revenue bond financing and Lottery-Backed Bond (LBB) Housing Preservation Funds for Holiday Garden Apartments.

Vote: In a roll call vote the motion passed without dissent.

b. Westmoreland

Casey Baumann, loan officer for the Multifamily Housing Finance section introduced himself, Patrick O'Toole, Union Labor Retirement Association and Phillip Dochow, Housing Development Center. Baumann presented the Westmoreland Union Manor project and requested State Housing Council approval of $29,400,000 in pass-through revenue bond financing and $250,000 in Low Income Weatherization funds.

Westmoreland Manor is an existing 300-unit elderly rental property in the Sellwood neighborhood of Portland. The facility was built in 1966 and consists of 217 units, 16 of which are market-rate units. 67 units will receive HUD Senior Preservation Rental Assistance.

The ground floor is commercial space with a kitchen and large dining area, coin laundry, library, social areas, and hair salon. The exterior includes extensive landscaping, patio, barbeque, duck pond, and resident garden area.

The scope of work for this project includes roof replacement, full exterior window and wall systems, full water supply system upgrades, and electrical upgrades; in addition to, new mechanical heating and cooling stems, seismic upgrades, common area upgrades, and exterior site work.

The construction costs are approximately $26,000,000, or $87,000 per unit. The operating budget and the income expenses are appropriate for this type of project. The DCR for the first year is 1.15.

The property is located within a 100-year flood plain; the ground floor is 7.2 inches below the flood elevation. In order to receive building permits, the Portland Bureau of Developmental Services is requiring a Flood-Proof Plan. The flood-proof plan for Westmoreland consists of two feet of free board dry-proofing above the 100-year flood plain, raising equipment on the ground floor and flood gates across all openings

There is a possibility that the project will be removed from the flood plain map prior to the rehabilitation lifting the requirement to flood–proof. The Department has approved and additional allocation of $63,821 in 4% LIHTC, tax credits, strictly to cover the costs associated with carrying out the requirements of flood proof plan requirements, if required.

Westmoreland is a 50-year-old property that needs several substantial upgrades to meet current federal accessibility requirements, increase its energy efficiency and extend the useful life of the building for another 50 years.

- <u>Questions/Discussion:</u>

Tammy Baney pointed out that there are currently tenants living at this facility and asked if a resident relocation plan is accounted for in the project plan and what impact that will have on the tenants

Dochow responded by explaining the improvements would take place in 7 phases. The rehabilitation will take place in stacks of units. While each phase is taking place, the tenants will be moved off site till the work is complete in their area. There is a relocation plan, budget, and consultant to make the transition run smoothly.

Director Van Vliet asked how much was budgeted for the relocation.

Dochow responded that an adequate budget had been set aside.

Chair Dickson asked for the amount of reserve funding built into the budget.

Dochow stated that existing reserves of approximately $500,000 are committed to the rehabilitation. The operating reserve is $1.6 million.

Chair Dickson asked what percentage, below the market-rate, is reflected in the rents charged. .

Dochow replied that at this point the rent is approximately 40% below market.

Chair Dickson asked what next steps are planned and how work will be progressing while the 100-year flood plain map is developed.

Dochow explained that the majority of the flood plain work is done at the end. This will allow time for the map to be figured out and a determination to be made as to whether or not this facility will need to utilize the flood prevention plan.

Chair Dickson requested a motion to approve the pass-through revenue bond financing in the amount of $29,400,000, and the Low Income Weatherization fund grant in the amount of $250,000.

The motion was read:

Motion: Mayra Arreola moved and Marissa Madrigal seconded that the Housing Council approve the pass-through revenue bond financing and the Low Income Weatherization fund grant for Westmoreland Union Manor.

Vote: In a roll call vote the motion passed without dissent.

Federal Planning Update on Community Forums

Kim Travis, OHCS Housing Integrator, introduced herself. Travis explained that she and fellow integrator Kenny LaPoint have participated in several public engagement events. Travis noted that she would be covering updating the Council on behalf of Shoshanah Oppenheim, OHCS' Federal Planning Manager regarding the status of the 2016-2020 Consolidated Plan development and outreach efforts

Staff have been visiting specific cities in a select cross-section of the State. Travis described the goal of these efforts is to learn more about the local priorities and services provided in the communities. More than 200 people participated in the community forums; which have been held in Ontario, Medford, Coos Bay/North Bend, Tillamook, McMinnville, The Dalles/Hood River, Klamath Falls, Pendleton, and Redmond.

Thus far the Department has received over 230 responses to the online community survey and 65 responses to the provider survey. The information provides staff with valuable insight regarding community priorities for housing and homeless services.

One major issue is the low vacancy rates throughout the entire state. There are not enough units available to serve the low income and extremely low income Oregonians in need of stable housing.

Those individuals with negative rental history, bad credit or any criminal history are effectively shut out of the market, facing significant barriers to housing (e.g. high security deposits in addition to first and last month's rent).

Another finding is that many communities have housing vouchers and funds to spend that go unused due to no affordable unit available for the people that need them. It is also a problem that voucher success rates have rapidly declined over the last year due to low vacancy rates. Rising rents often exceed the HUD Fair Market Rents.

Studies have shown that many children suffer due to instability of their lives. There is simply not enough food, time, and money to meet their basic needs.

It has been found that there are not enough living wage jobs and full time jobs available to stabilize households and improve financial conditions.

In rural communities there is a lack of reliable and affordable transportation which impacts employment opportunities.

Communities are trying to be innovative, preparing new approaches to solve housing problems so that they are ready to hit the ground running when program funding becomes available.

Individuals are excited by legislation, currently being considered, that would make substantial changes to the TANF program allowing for a longer period of stabilization after people find work and before benefits are removed.

Travis and the OHCS Federal Planning unit are working toward completing the statewide housing needs assessment and market analysis. These two reports, along with the analysis of impediments to Fair Housing will be foundational in formulating strategies to eradicate barriers while increasing the supply of stable housing across the state.

- <u>Questions/Discussion:</u>

Marissa Madrigal asked if there had been any discussion or consideration of potential changes to Oregon's landlord tenant laws during any of the recent community forums.

Travis advised that there was no mention of landlord tenant laws at the forums she has attended, but there were several about housing conditions and the associated ordinances.

Tammy Baney asked if there was any discussion of Air B & B and issues stemming from the vacation rental business, generally.

Travis stated that this topic had not come up.

Val Valfre complimented this group for trying to reach out to these communities.

Housing Choice Advisory Committee

Alison McIntosh, Public Affairs Liaison to the Public Affairs division introduced herself. McIntosh reminded Council members that HB 2639, which passed in the 2013 legislative session, directed Oregon Housing and Community Services to establish and convene the Housing Choice Advisory Committee.

This bill contained two primary components:

- Restricted advertisements from discriminating against Section 8 voucher holders, ads are no longer able to have "no Section 8" Language. Landlords must rent to the first eligible applicant to meet screening criteria. Landlords must consider Housing Choice or Section 8 Voucher- holders along with all other potential tenants.
- Established the Landlord Guarantee program and fund, which allows participating landlords to recoup up to $5,000 if a Section 8 voucher-holder damages the property and cannot afford to fix the damages. the landlord can submit a claim to the Landlord Guarantee Program

The Housing Choice Advisory Committee was established in the legislation to monitor implementation of the program. Current membership includes three landlords, three tenant advocates and three housing authorities. This group has been meeting since July 2014. There has been an immense effort towards improving practices. The most detrimental impact the committee has discussed and struggled with is the current market. Individuals with Housing Choice Vouchers have been unable to compete in the market and are unable to secure available housing.

OHCS is working to educate landlords about the program through training opportunities aimed at increased awareness of the applicable law and statutory requirements.. More than 50 Landlord Guarantee Program training sessions have been provided to landlords across the state thus far.

- Questions/Discussion:

Tammy Baney mentioned that there was a recent discussion in her community about income verification and asked if there was any discussion during the Housing Choice Advisory Committee meetings as well?

McIntosh responded yes income verification was a discussion topic; there was also a discussion about whether or not the voucher would be incorporated into the tenant's income or not. Landlord associations' consensus recommendation to their members is to require tenants to make three times the tenant portion of the rent.

Baney followed up by asking if this practice was being applied all over the state.

McIntosh replied that many are practicing this way but it is still an implied practice.

Director Van Vliet explained that for a number of years OHCS' Rent Well program functioned very much like the Landlord Guarantee Fund program, but for non-Section 8 voucher-holders. The Rent

Well program was defunded with the passage of HB 2639 and the creation of the Landlord Guarantee Program the funding was transitioned and that program was effectively closed.

Legislative Update

Alison McIntosh provided the Council with legislative updates relating to OHCS priority legislation.

HB 2442, which changes the policy and governance model of OHCS, the title from Housing Council to Oregon Housing Stability Council, adds members, and eliminates other bodies, passed the house 50 to 0.

SB 244, the small program change bill, passed the Senate and is waiting for a hearing on the House side.

The Elderly Rental Assistance (ERA) program, SB 296, is Department of Revenue (DOR) (not OHCS) legislation, but if passed, SB 296 impacts OHCS by moving the ERA program from DOR to OHCS. This bill had a hearing on Wednesday, April 29th, which went well.

The request for $100 million in bonds for family affordable housing has been scheduled for a hearing on May 8th in Ways and Means Subcommittee on Capital Construction. Anyone asking for General Obligation Bonds is able to give a brief presentation during the hearing

- Questions/Discussion:

Val Valfre asked about the status of the inclusionary zoning legislation.

McIntosh replied that there was a House version of the bill that removed the ban on inclusionary zoning. McIntosh then explained that current bill language would only repeal the section of the statute that applies to homeownership; it does not apply to multifamily rental housing.

Director Van Vliet mentioned HB 2959 and the companion bill, SB 516 would change how the document recording fee is administered and distributed out by OHCS. The legislature has directed the department to take geographic equity into consideration awarding funds. HB 2959 has been amended to include the mandate that OHCS return any of the current DRF account funds that remain in the account two years from now, to the county in which they were generated. HB 2959 has been referred to Ways and Means for fiscal impact review.

$100 Million

a. Policy Parameters, HB 2198

Director Van Vliet stated that the next big milestone for the $100 million bonding proposal is the hearing on May 8th in the Ways and Means Subcommittee on Capital Construction. Director Van Vliet reiterated that no decisions will be made at the hearing; it is just an opportunity to present a case for including the $100 million ask in the appropriation bill. The final decision won't be made until much later in Session.

- Questions/Discussion:

Val Valfre stressed the importance of outreach efforts and noted that he has been gathering feedback on HB 2198. Valfre received a letter from Jennifer Bragar, President of Housing Land Advocates, imparting her ideas on how to keep HB 2198 from becoming "one size fits all" legislation.

Director Van Vliet reported that House Bill 2198 with -1 amendments has been referred by the House Human Services and Housing Committee to the House Rules Committee. This transfer was made to provide additional time for the Department (outside normal legislative deadlines) to thoughtfully craft -2 amendments. Staff will be making good use of this time to incorporate and address the good feedback received from our partners.

Tammy Baney expressed that she thought it would be important to highlight that there is a community system of care interested in keeping people out of State hospitals.

Mike Fieldman posited that having services associated with housing is parallel to resident services funding and housing projects; and added that people are becoming more and more aware that housing cannot exit in a vacuum.

b. Subcommittees

Director Van Vliet started with the Policy Subcommittee and explained that Mayra Arreola and Val Valfre had stepped forward to offer their services.

A handout of the rosters was distributed to the Council Members.

A couple of state government individuals have agreed to participate. Some of these include the Child Welfare Director at DHS, the Self Sufficiency Deputy Director, and Lynne Saxton (Oregon Health Authority Director). Two Housing Authorities, an individual at United Way, and Donna Bowman from Community Action Partnership have also agreed to participate.

Director Van Vliet pointed out that there needs to be a determination on how this work is staffed and how to make good use of this type of expertise. Van Vliet's hope for both of these committees is to have a dedicated staff person in house or a volunteer to help focus the groups. Convening the subcommittees and beginning the work now is premature considering the decision to issue the bonds has not been made. That said, the hope is that by July 4th, OHCS will be awarded the $100 million and the work of the subcommittees can begin to shape up the plans.

The Financial Structuring Committee, which Chair Dickson has agreed to take part in, was to include four profit developers, two nonprofit developers, financial experts and a representative from the Community Action Partnership of Oregon (CAPO), per the Council's request.

Report of the Director

Director Van Vliet asked that Julie Cody speak about the current and future status of the Multifamily Housing NOFAs. Cody began by stating that her group is in the middle of scoring the 2015 Low Income

Tax Credits (LIHTC) and HOME NOFAs. Internal scorers are reviewing the applications to ensure that all proposed projects meet the established threshold criteria (financial feasibility, readiness to proceed etc…). The external scoring committee reviews and scores applications based on the scoring criteria for need, impact, and preferences.

The external scoring committee will be meeting in mid- to late-May to formulate consensus scores to submit to Director Van Vliet. The final funding award recommendations will be presented Housing Council for consideration and approval at the July 17th meeting.

- <u>Questions/Discussion:</u>

Director Van Vliet asked how many applications were submitted/received by the Department.

Cody responded OHCS received 30 applications, 28 Low Income Tax Credit (LIHTC) applications and two HOME applications. There is enough funding available to recommend 10 -11 projects of the 30project applications received. .

Director Van Vliet called attention to number of applications received as an indication of the massive need for housing throughout the state..

Cody stated that they are now looking toward the 2016 NOFA, acknowledging that there is a need to make changes to the State's qualified allocation plan (QAP), the tax credit program. Staff will be putting together stakeholder outreach sessions and roundtables discussions with developers regarding both the 9% and 4% Low Income Tax Credit (LIHTC) Programs. The desired outcome is to have an investor roundtable discussion that develops clear guidelines agreed upon by all groups.

Cody notified Council members the Agency is looking into having a third party review the9% and 4% Low Income Tax Credit (LIHTC) Programs to benchmark OHCS' administration/practices against other State HFAs and national best practices with the aim of finding out if OHCS is on the right track and receive recommendations for improvements. Any recommended improvements will be presented to Housing Council in September.

Director Van Vliet mentioned that the agenda planning document for Council members to review and highlighted that the agenda for the joint Community Action Partnership of Oregon (CAPO) Board/State Housing Council meeting, scheduled for June 5th is currently under development. Van Vliet stated that the meeting would have some important discussions.

Director Van Vliet stated that many boards/commissions take a break and that there might not be any business to transact and therefor no real need to hold an August Housing Council meeting. It was decided to take the conversation offline.

Council members revisited the original proposal/concept of using a teleconference format every-other-month alternating with an in-person Council meeting. Council members discussed and decided that conducting in-person meetings is preferable to phone meetings as it is important for the community to have the option of speaking to the Council face-to-face.

Report of the Chair

Chair Dickson stated he would not be attending the June meeting, although he hopes to participate by phone (if possible). Chair Dickson asked for a volunteer to chair the June meeting in his place.

Tammy Baney recommended Val Valfre.

Valfre accepted the recommendation.

Director Van Vliet will be in touch with Valfre to coordinate logistics.

With no further business the meeting was adjourned at 11:15 a.m.

June 5, 2015

Adolph "Val" Valfre, Jr., signing on behalf of Aubre Dickson, Chair
Oregon State Housing Council

June 5, 2015

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