OREGON STATE HOUSING COUNCIL
Minutes of Meeting

Oregon Housing & Community Services
Large Conference Room, 124 A/B, First Floor
725 Summer Street N.E., Suite B, Salem, OR 97301
9:00 a.m.
June 5, 2009

MEMBERS PRESENT
Larry Medinger, Chair
Scott Cooper
John Epstein
Stuart Liebowitz
Maggie LaMont (via telephone)
Jeana Woolley

MEMBERS ABSENT
Francisco López

STAFF PRESENT
Rick Crager, Deputy Director
Nancy Cain, Chief Financial Officer
Bob Gillespie, Housing Division Administrator
Lisa Joyce, Legislative Relations Manager
Floyd Smith, Agency Affairs Director
Jack Duncan, Regional Advisor to the Department
Dona Lanterman, Single Family Section Manager
Craig Tillotson, Loan Officer
Carol Kowash, Loan Officer
Mariana Negoita, Tax Credits Program Coordinator
Debie Zitzelberger, Loan Closer
Becky Baxter, NSP Program Coordinator
John Fletcher, Senior Policy Analyst
Margaret McDowell, Chief Audit Executive
Shelly Cullin, Senior Loan Officer
Roz Barnes, Loan Officer
Vicki Massey, CFC Application Process Manager
Frank Silkey, Architect
Tony Penrose, Resource Coordinator
Betty Markey, Policy Advisor
Karen Clearwater, Regional Advisor to the Department
Deborah Price, Regional Advisor to the Department
Bruce Buchanan, Regional Advisor to the Department
Marlys Laver, Asset & Property Management Division Administrator
Matthew Perry, Quality Assurance Advisor
Roseanne Ward, Financial Services Section Manager
Jo Rawlins, Recorder

GUESTS
Tim Lopez, Exec. Director, Malheur Housing Authority
Mark Kellenbeck
William Lovelace
Ryan Brennan, Shelter Resources, Inc.
Dee Luckinbill, Luckenbill-Drayton & Associates
Ruby Mason, Exec. Director, Mid-Columbia Housing Authority
David Meriwether, Hood River County Administrator
Destin Ferdun
Carl Kern, ShelterCare
Dahe Good, Guardian Management
Ross Cornelius, Guardian Management
Rita Grady, Polk CDC
David Crawford, Geller, Silvis & Associates
Stacy Caraballo, Polk County Mental Health and Addictions
Ed McNamara
Jim Tierney
Betty Tamm, Umpqua CDC
Jody Enos
Ryan Fisher, OHA & CAPO
Sam Croffi, Luckenbill-Drayton
Ryan Brennen
Jim Bond, Geller, Silvis & Associates
Aubrie Dickson, Homestead Capital
Susan & Eric Medinger
I. **CALL TO ORDER:** Chair Larry Medinger calls the June 5, 2009 meeting to order at 9:12 a.m.

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

III. **PUBLIC COMMENT:** None

IV. **APPROVAL OF MINUTES**
   A. Chair Medinger asks if there are any corrections to the April 3, 2009, May 1, 2009, and May 29, 2009 Minutes. There being no corrections, the Motion was read:

   **MOTION:** Cooper moves that the Housing Council approve the Minutes of the April 3, 2009, May 1, 2009, and May 29, 2009 Council meetings.

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

V. **SINGLE FAMILY REPORT:** Craig Tillotson, Single Family Loan Specialist, reports that in April 79 loans were purchased for almost $13 million. Year-to-date 152 loans have been purchased for $23 million. He says that even though the department ran out of money in March, there are over 200 active reservations, which is about $33 million dollars worth of bond proceeds to be able to use to purchase loans. There are currently about 16 people on the waiting list. It is hoped that these funds will carry through the summer until the department can have another bond sale.

VI. **SPECIAL REPORTS:** None

VII. **NEW BUSINESS:**
   A. **Consolidated Funding Cycle**
      1. **Overview.** Vicki Massey, CFC Application Process Manager, provides a brief overview of the proposed reservations and projects proposed for funding (pages 12-25 of Council’s packet). Cooper states that he would like to see a future report that reflects the number of applications received, the number that initially expressed some interest and then decided after the self-evaluation that they were no longer likely to qualify, what is in the pipeline, what the unmet demand coming forward is in future rounds, and the gap. Epstein states that the department is putting in $5.8 million this round, and asks what total credits are left. Massey explains that there is $1.5 million left for the Fall round. The department usually puts out about $3.5 million, but it is going to the trend of having the Spring round be larger, so there actually is available at this time for
the Spring round over $4 million in credits. Epstein asks about the timing and if the stimulus money doesn’t have to be allocated by February of 2010. He also asks if they are putting together a plan on how they are doing their exchanges, how they are going to use the TCAPs, and what the timing is to have the plan finalized on how the money is going to be used. Gillespie says that the TCAP application is now out. Negoita adds that the application was sent to HUD on Tuesday, and they received it on the 4th. They are supposed to let the department know of their acceptance of the application and plan by the 15th or the 17th. The department will then proceed with a self-scored application for the funds – and a competitive round for the funds shortly thereafter. Epstein asks if it is going to be loans or grants. Negoita explains that the exchange money, as she understands it, cannot be loans. The TCAP can either be grants or loans and we have reserved the opportunity to determine that depending on what the project may need. Epstein asks if the exchange money is being put in during construction, are they treating it more like a syndicator does, or if that is still being studied. Negoita states that it is still being studied at this time.

Discussion continues about process. Epstein says he wants to make sure it is an open process and, as much as possible, includes the partners and leverages the money the best we can. He says there are a lot of avenues to consider. Negoita states that part of the competitive self-scored criteria is having a lender at the table, and having lender availability for that project. The department is definitely taking the position that as many parties as can be in a deal (as traditionally structured) would be best for the project and for Oregon Housing.

2. The Family Place (Ontario, OR). Shelly Cullin, Loan Officer, introduces Tim Lopez, Executive Director of the Housing Authority of Malheur County, and Bruce Buchanan, Regional Advisor to the Department, and gives an overview of the proposed project (page 26 of Council’s packet), explaining that it is a single family, 3-bedroom home built in 1940, to be rehabilitated for workforce housing. Woolley asks why the write-up reflects $40,000 for acquisition when they own the house. Cullin explains that although it is being shown as acquisition, it is actually $40,000 as a source to show the in-kind contribution. The write-up doesn’t reflect the detailed sources and uses, but it is a wash.

MOTION: Cooper moves that the Oregon State Housing Council approve a $105,638 reservation of Trust Funds to Housing Authority of Malheur County, to complete the rehabilitation of The Family Place, in Ontario, Oregon, contingent upon meeting all Trust Fund program requirements and conditions of award.

VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, John Epstein, Maggie LaMont, Stuart Liebowitz, Jeana Woolley, and Chair Larry Medinger. Absent: Francisco López.
3. **Rogue Terrace (Rogue River, OR).** Carol Kowash, OAHTC Program Representative, introduces Mark Kellenbeck, owner of Southern Oregon Affordable Rentals, and chief operating officer for Cascade Management, and Karen Clearwater, Regional Advisor to the Department, and gives an overview of the proposed project (page 29 of Council’s packet), explaining that Rogue Terrace is a preservation project with 32 units for extremely low-income seniors and disabled person’s.

Epstein states that this is a great project and that, from a fiduciary responsibility point of view, he ran the math and it looks like the acquisition costs are very favorable, but he would like to have it on the record that the agency looked at the acquisition cost and has verified that it is a good price. He says he wants to make sure, since this is a transfer from a family to a family, that they have looked at this and this is a below market cost or a fair market acquisition cost. Kowash says the department is requiring an appraisal for the two properties because of the identity of interests, and they will be looking at that closely.

**MOTION:** Woolley moves that the Oregon State Housing Council approve a $164,461 grant reservation of Trust Funds and a $934,960 loan of HOME grant funds to Southern Oregon Affordable Rentals LLC, completing the acquisition and rehabilitation of Rogue Terrace, in Rogue River, Oregon, contingent upon meeting all Trust Fund and HOME requirements and conditions of award.

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

4. **Valley Village II (Cave Junction, OR).** Carol Kowash, OAHTC Program Representative, explains that also awarded to Southern Oregon Affordable Rentals are funds for Valley Village II. She states that Valley Village II is an acquisition/rehabilitation project that preserves sixteen one-bedroom units for very low income, section 8 housing in Cave Junction, and gives an overview of the write-up contained in Council’s packet (page 32).

**MOTION:** Cooper moves that the Oregon State Housing Council approve a $421,284 grant reservation of HOME funds and $137,000 in Trust Funds to Southern Oregon Affordable Rentals 1, LLC, and Cascade Management, Member, completing the acquisition and rehabilitation of Valley Village II, in Cave Junction, Oregon, contingent upon meeting all HOME and Trust Fund requirements and conditions of award.

**VOTE:** In a roll call vote the motion passed. Members present and voting in favor: Scott Cooper, Maggie LaMont, Stuart Liebowitz, Jeana Woolley, and Chair Larry

5. Cedar Grove Apartments (North Bend, OR). Vicki Massey, substituting for Mike McHam, department appraiser and market analyst, introduces Bill Lovelace, the sponsor, and Karen Clearwater, Regional Advisor to the Department, and explains that the Cedar Grove Apartments is a preservation project of an existing 42-unit family property located in the city of North Bend, and gives an overview of the write-up contained in Council’s packet (page 32). Cooper notes that in the list of improvements, hot water tanks are not included and asks if they are going to be replaced. Lovelace explains that they have matrixed every unit to make sure that they are not blindly replacing hot water tanks that might have been replaced eighteen months ago. Epstein asks if this project could be a candidate for an exchange or TCAP. Crager and Gillespie both agree that they would be eligible for the resources.

MOTION: Woolley moves that the Oregon State Housing Council approve a $985,000 loan reservation of HOME funds to Lovelace Properties LLC, completing the acquisition and rehabilitation of Cedar Grove Apartments, in North Bend, Oregon, contingent upon meeting all HOME requirements and conditions of award.

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

6. Astoria-Gateway II (Astoria, OR). Mariana Negoita, Tax Credits Program Coordinator, introduces Ryan Brennan of Shelter Resources, Inc., and explains that this project consists of 33 units, targeting Clatsop County’s need for workforce housing for service workers and young families earning 30-60% of the area median income. She gives an overview of the write-up contained in Council’s packet (page 38). Discussion follows about market and vacancy rates. Epstein refers to page 40 of Council’s packet, noting that $18,000 is servicing the $225,000, and the $55,000 is servicing other public money the department has put in, and asks if those are loans. Brennan explains that the $18,000 is the rural development loan and the rest is for the other loans that have been mentioned. Epstein comments that it looks pretty high for debt services, and asks if that is because they have a fast payoff, because the other ones only add up to around $700,000, and the debt service on those is $38,000/year. He says he is trying to figure out how they need $38,000 a year to service $700,000 of additional debt, assuming they are paying back the Housing Trust Fund, which he understood were grants. Gillespie said that by statute it can be a loan. Epstein asks if the Housing Trust Fund, the HOME, and the $225,000 permanent loan are all real loans and if they are all being paid back. Negoita says yes. Brennan explains that the $18,879 is actually for the $225,937 permanent loan; there is approximately $25,000 for the $1,000,000 RD loan; $3,000 for the Trust Fund Loan; and
there is a deferred developer’s fee. Negoita states that she did not review the project during the award process.

MOTION: Cooper moves that the Oregon State Housing Council approve a $420,000 reservation of HOME funds to Shelter Resources, Inc., completing the new construction of Astoria-Gateway II, in Astoria, Oregon, contingent upon meeting all HOME Program requirements and conditions of award.

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

7. Hood River Crossing (Hood River, OR). Roz Barnes, Loan Officer, introduces Dee Luckinbill, Luckenbill-Drayton & Associates, Ruby Mason, Executive Director, Mid-Columbia Housing Authority. David Meriwether, Hood River County Administrator, and Deborah Price, Regional Advisor to the Department, and explains that Hood River Crossing will be a development of 40 units in Hood River for affordable workforce housing for families, and gives an overview of the write-up contained in Council’s packet (page 41). Cooper comments on the positive aspect of having the county involved in this project and asks that she please thank the County Commissioners.

MOTION: Cooper moves that the Oregon State Housing Council approve a $660,000 grant reservation of HOME and a $187,792 in Trust Fund to Columbia Cascade Housing Corporation, completing the new construction of Hood River Crossing, in Hood River, Oregon, contingent upon meeting all HOME and Trust Fund requirements and conditions of award.

VOTE: In a roll call vote the motion passed. Members Present and voting in favor: Scott Cooper, Maggie LaMont, Stuart Liebowitz, Jeana Woolley, and Chair Larry Medinger. Abstaining: John Epstein because Wells Fargo may be involved. Absent: Francisco López.

8. Afiya Apartments (Springfield, OR). Carol Kowash, Loan Officer, introduces Destin Ferdun with Lunabridge, Carl Kern with ShelterCare, and Jack Duncan, Regional Advisor to the Department. Kowash explains that this project would not normally come before Council, except for the depletion of weatherization funds. The department chose to fill the partial gap of weatherization with a replacement of Trust Funds of a little more than $25,000 above the limit the Finance Committee may approve. She says
this project will have sixteen secure one-bedroom units for the disabled with services targeted to the persistently mentally ill, and gives an overview of the write-up contained in Council’s packet (page 44). Epstein asks if someone has reviewed the terms of the lease. Kowash explains that there will be a condition in the reservation letter about the lease and the requirements thereof.

MOTION: Woolley moves that the Oregon State Housing Council approve a $125,187 grant reservation of Trust Funds to ShelterCare, completing the new construction of Afya Apartments, in Springfield, Oregon, contingent upon meeting all Trust Fund requirements and conditions of award.

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

9. Parkside Village (Roseburg, OR). Shelly Cullin, Loan Officer, introduces Ross Cornelius with Guardian Management, and Karen Clearwater, Regional Advisor to the Department, and explains that Guardian Affordable Housing Development, LLC is proposing to acquire and rehabilitate Parkside Village, which is a thirty-six unit Section 8 preservation project located in Roseburg. She gives an overview of the write-up contained in Council’s packet (page 47).

MOTION: Cooper moves that the Oregon State Housing Council approve a $226,561 reservation of Trust Funds to Guardian Affordable Housing Development LLC, completing the acquisition and rehabilitation of Parkside Village, in Roseburg, Oregon, contingent upon meeting all Trust Fund Program requirements and conditions of award.

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

10. Jen’s Place (Dallas, OR). Roz Barnes, Loan Officer, introduces Rita Grady, Executive Director of Polk CDC, David Crawford, Geller, Silvis & Associates, Stacy Caraballo, Polk County Mental Health and Addictions, and Jack Duncan, Regional Advisor to the Department. Barnes explains that Polk Community Development Corporation is proposing to develop five units of supportive drug and alcohol pre-transitional housing for single parents and their children. The project will consist of four
townhouse style 2-bedroom units, and one single level 2-bedroom unit, and all will be fully accessible. She gives an overview of the write-up contained in Council’s packet (page 50). Cooper asks about the source of the $261,465 in non-OHCS grants. Grady explains that one would be DHS from Addictions to Mental Health Drug and Alcohol Free Housing, and the other one is from the Community Development Block Grant program for the offsite infrastructure.

MOTION: Woolley moves that the Oregon State Housing Council approve a $844,464 grant reservation of HOME funds and a $105,555 in Trust Funds to Polk Community Development Corporation, completing the new construction of Jen’s Place, in Dallas, Oregon, contingent upon meeting all HOME and Trust Fund requirements and conditions.

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

B. Pearl Family Housing (Portland, OR), Predevelopment Loan Request. Shelly Cullin, Loan Officer, introduces Ed McNamara, and gives an overview of the write-up contained in Council’s packet (page 53) of the predevelopment loan request in the amount of $323,437, for predevelopment expenses associated with the development of a six-story building above one level of underground parking located on a full-block site in the Pearl District. There will be 138 apartments, primarily two and three bedroom units, and 129 parking spaces. All units will be affordable to households at or below 60% of area median income, for a term of affordability of 60 years. Woolley states that Ed has done quality work in Portland for a number of years, and the quality of the projects that he does is exemplary and there is not a better person out there doing this work.

MOTION: Woolley moves that the Oregon State Housing Council approve a Predevelopment Loan in the amount not to exceed $323,437, at a current interest rate of 5% per annum for a maximum of one (1) year to Nurture Development LLC for predevelopment expenses associated with the development of the Pearl Family Housing project in Portland, Oregon.

VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, John Epstein, Maggie LaMont, Stuart Liebowitz, Jeana Woolley, and Chair Larry Medinger. Absent: Francisco López.
C. Iris Glen Townhomes (Klamath Falls, OR), Predevelopment Loan Request.

Shelly Cullin, Loan Officer, introduces Dee Luckenbill of Luckenbill-Drayton & Associates, and Deborah Price, Regional Advisor to the Department, and gives an overview of the write-up contained in Council’s packet (page 59) of the predevelopment loan request in the amount of $325,000, for the acquisition of property to develop Iris Glen Townhomes in Klamath Falls, a proposed thirty-seven unit apartment complex targeted for workforce housing. Woolley points out that there is a corporate guarantee, but no personal guarantee. Cullin says that is correct. She has reviewed the corporate financials and it is substantial. Discussion continues about the market analysis. Woolley states that she thinks having the experienced developer is a plus – somebody that has done a lot of this work, and she is looking to the instincts of the developer. Despite some of the conflicting information about market demand for this type of product, on that basis she is prepared to move the motion.

MOTION: Woolley moves that the Oregon State Housing Council approve a Predevelopment Loan in the amount not to exceed $325,000, at a current interest rate of 5% per annum for a maximum of two (2) years to Iris Glen Townhomes, LLC for acquisition of the project site located in Klamath Falls, Oregon.

DISCUSSION: Cooper says he wants to comment now that he is going to support the vote, but it is predevelopment and if they do come back to Council for more funds in the future, they should expect a lot of questions about the market justification.

VOTE: In a roll call vote the motion passed. Members present and voting in favor: Scott Cooper, Maggie LaMont, Stuart Liebowitz, Jeana Woolley, and Chair Larry Medinger. Abstaining: John Epstein. Absent: Francisco López.

D. Community Action Team (Vernonia, OR), Revolving Line of Credit Loan Request. Debie Zitzelberger, Loan Officer, introduces Jim Tierney, Deputy Director of Community Action Team (CAT), and explains that CAT is requesting a $300,000 revolving loan to assist approximately 100 residences in Vernonia whose homes were damaged by the flood. The initial term of the loan will be 2-years with an option to extend. The initial interest rate will be set at 5% and adjusted annually. The loan will be a recourse loan to CAT and secured by a Loan and Security Agreement. The full $300,000 loan will be disbursed to CAT, who will then deposit those funds in a separate bank account and manage the draws and reimbursements. She gives an overview of the write-up contained in Council’s packet (page 65). Woolley asks if the department has ever done this kind of a revolving loan before. Gillespie says it has not, but it is certainly within the statutes that the department can do this and it will allow them to use the money to get the homes replaced in Vernonia. Woolley clarifies that essentially the payback is from when the projects are completed, then the federal reimbursement is received. Tierney says that is correct.
Cooper says he would like to note for the record that he does not have a problem with this project. Vernonia has a very unique circumstance in Oregon’s history and everyone needs to be on board to do what they can. However, because it is a new product/idea, he says he would not want anyone to take away from this the idea that Council would welcome future applications from other places for similar types of programs unless it would be for a situation very similar to what Vernonia has dealt with. Crager says he does not like to look at this as a new program. Essentially what is being used is the department’s own resources to do things like predevelopment loan programs. There are dollars that the legislature committed last session for the department to do creative things with, like emergency type situations, and this was seen as an emergency situation. He says he wants to echo exactly what Mr. Cooper said, that the department does not look at this as a product that would be advertised to the entire world, but that this is a special situation and it would only do it for those types of situations.

MOTION: Epstein moves that the Oregon State Housing Council approve a $300,000 Revolving Line of Credit loan to Community Action Team Incorporated to provide bridge financing during reconstruction of single-family homes in Vernonia which were damaged by flooding.

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

E. Indian Creek Court (Hood River, OR) & Villa West (McMinnville, OR) Predevelopment Loan Requests. Shelly Cullin, Loan Officer, introduces Dahe Good with GoodJames Consulting, development consultant representing Guardian Management, Ross Cornelius with Guardian Management, and Deborah Price, Regional Advisor to the Department. Cullin explains that she is going to combine the two projects because they are very similar, and this is the third time Council has actually seen these properties. She gives an overview of the write-ups contained in Council’s packet (pages 68 and 73), explaining that both properties are Section 8 preservation projects. Epstein states that these are $500,000 and $400,000 requests, and asks how much is on the first one. Cullin says she believes it is under $300,000. Epstein says he is trying to figure out aggregate exposure. Cullin says it is probably about $1.1 - $1.2 million. Epstein asks if the first one for $300,000, had the same guarantee structure. Cullin says yes. Epstein asks if there is a policy on a maximum amount that would be given if they came back with another request (for instance, if they are given $300,000 now, would they be given another $300,000 if they came back with another request for $300,000?). Cullin states that the department does not have a current policy; it is part of analyzing financials and what their capacity looks like and the personal financials of Mr. Brenneke. Right now, what they have out there could be satisfied if we needed it.
Woolley suggests that in the future when there is the same structure with the same guarantors that Council should have some way of assessing how much they are going to accept for a guarantee relative to the same guarantor structure. Epstein agrees that it would help to know the total exposure when requests come in for additional funds. Crager says he has two recommendations: 1) As reports are given for loans in the future, the report could include any other outstanding loans that the requestor has. 2) Council can approach a policy discussion as it relates to the maximum amount of exposure. Woolley states that she thinks that Council can look at best practices about how to establish the cap, because it will be different for every set-up guarantor. Cooper says he appreciates very much what his colleagues are saying and he agrees very much with it. Disclosure is a good thing and paying attention to the fiscal soundness is a good thing, but he also does not want to detract from the fact that he appreciates that anybody is willing to step-up to these preservation projects and preserve these units. That is a critical policy goal and he appreciates that we are at the table and they are making these requests. He says, presuming they have the financial underwriting, he would keep doing it! Epstein adds that in the future he would like to know what the exposure is when something comes in so Council can make the correct decision. How much exposure Council has with certain entities, is what is most important to him.

MOTION: Cooper moves that the Oregon State Housing Council approve a Predevelopment Loan in the amount not to exceed $400,000, at a current interest rate of 5% per annum for a maximum of one (1) year to Indian Creek Court Apartments LLC for the acquisition of Indian Creek Court in Hood River, Oregon; contingent on loan approval from NOAH for an OHAF loan.

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

MOTION: Cooper moves that the Oregon State Housing Council approve a Predevelopment Loan in the amount not to exceed $500,000, at a current interest rate of 5% per annum for a maximum of one (1) year to Villa West Apartments LLC for the acquisition of Villa West Apartments in McMinnville, Oregon, contingent on loan approval from NOAH for an OHAF loan.

VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, John Epstein, Maggie LaMont, Stuart Liebowitz, Jeana Woolley, and Chair Larry Medinger. Absent: Francisco López.
F. Hotel North Bend (North Bend, OR), Trust Fund and LIWP Increase Request. Tony Penrose, Resource Coordinator, introduces Karen Clearwater, Regional Advisor to the Department, Betty Tamm, Executive Director of Umpqua CDC, and Jody Enos with Umpqua CDC, and gives an overview of the write-up contained in Council’s packet (page 78) for an increase of $200,000 in Trust Fund and $100,000 in LIWP, for the redevelopment of the Hotel North Bend project. Woolley asks if there is any responsibility on the part of the structural engineer for not understanding what needed to be done on the building, and whether they have contributed anything back for the work that they missed. Tamm explains that in about January 2008, they had the commitment for $.905 from their equity investor, and all the appropriate approvals and the local building permit in hand. Everything was a go. It was the equity investor who asked them to increase the seismic strength of the building beyond code. So, it was not really the fault of their existing structural engineer, it was the equity investor, National Equity Fund. When they were faced with that is when they went to the Ford Family Foundation, the Collins Foundation, the Kinsman Foundation, NeighborWorks America, and PAC and brought in all the other grant resources to help alleviate that change. The equity investor did hold to the $.905. Woolley says it seems that the ones causing the problem should be willing to buy more tax credits and that should be part of the negotiations. Clearwater states that they went back and asked, and if this would have happened last year it would have not been as much of an issue, but they do not have any investment funds that they could do this with. She says they did push back and their parent company actually gave Betty a very small grant to try to help offset some of the loss of her developer fee due to all of the extra costs, but she cannot use it in the building as it is a capacity grant. There is discussion regarding earthquake standards. Medinger asks if the work is to current code, as if it were new construction. Tamm says yes, that is correct and it is going to be a very solid building.

Woolley states that she recognizes they are in a tough position, and she thinks this is a great project, but she wonders how these type of increased costs could be avoided in the future. She thinks it is irresponsible of the equity investor and it leaves the private lender and the construction lender in a jam because they are the ones who have their money on the line already when they are half way through construction and somebody wants to impose these kinds of new standards. She believes it is something that they need to pay attention to, and they need to have those discussions earlier on with people coming through the door so that this kind of stuff does not happen. Cooper comments that this is not just a housing project, it is an economic development project for North Bend, and he believes that, given times being what they are, everyone needs to be on board to help when lifting the economic climate everywhere in the state, especially in smaller rural and coastal communities. He says it is a small amount of money and he would like to approve it on that basis that it is economic development. Tamm says they have been supporting about 100 jobs for the last year on this project, which is a huge boost in a small rural distressed community.

MOTION: Cooper moves that the Oregon State Housing Council approve an increase of A) $200,000 in Trust Fund for a total of $300,000; and B) $100,000 in LIWP for a total
of $200,000 for the redevelopment of the Hotel North Bend Project.

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

VIII. OLD BUSINESS: None.

IX. REPORTS:

A. Federal Stimulus Plan Update. John Fletcher, Senior Policy Advisor for OHCS and ARRA coordinator, distributes the weekly ARRA report dated effective June 5, 2009, and gives an overview of the report. Crager explains that the Community Development Block Grant is not included on the report because Economic and Community Development is going to keep the ARRA portion and OHCS will be getting an increased allocation of the regular dollars. OHCS will be getting about $830,000 of CDBG that will enhance the current rehabilitation program.

B. Neighborhood Stabilization Plan Update. Dona Lanterman, Single Family Programs Unit Manager, and Becky Baxter, NSP Program Coordinator, distribute copies of the NSPI Grant Agreement Allocations and NSPII Target Scenario and give an update and overview of each. Cooper asks about the “foreclosure need score” and how that works. Baxter says that theoretically, scores of 1 means there is not a problem; scores closer to 20 means there is a problem. Crager points out that Yamhill County is not included in the report. Baxter explains that Yamhill County was originally included, but it is mostly vineyards and does not have a very big population center. So they looked at other areas and found that Hillsboro has a very low-income population and they could provide more dollars in greater need for an area that has more population. Crager says that typically the NSP I and II have 25% set-aside for 50% AMI populations. In this application process they are going to target permanent supportive housing for homeless, which is something that many states have started to do. Because Housing PLUS dollars are not going to continue into the future, the department wants to look at and seek ways that it can continue to support housing for the homeless.

C. Legislative Update. Lisa Joyce, Legislative Relations Manager, distributes handouts of the 2009-11 Budget Packages, a press release on the increased number of homeless people throughout the state, and a summary update of the Legislative Agenda (effective June 5, 2009), and gives an overview of each. Crager points out that the preservation package will bring in $16.3 million dollars for the federally subsidized housing project efforts, and it will also create $3.1 million to address manufacturing dwelling parks. There are two important pieces that were changed: The $3.1 million, which was initially a revolving loan pool, was switched to grants or loans to provide
flexibility to the department in doing Manufacturing Dwelling Parks. In addition, they changed the language to say that the department would use the $3.1 million if viable and, if not, could divert that money back to federally subsided housing projects. The good news in all this is that we have $16 million dollars, compared to $8 million dollars in the last biennium, for federally subsided housing. This is a huge victory in terms of resources. Cooper says he never imagined at the start of the legislative session that the department would get 100% of its bills passed, and applauds Lisa, John and Rick for their hard work. He says it is astounding. Crager adds that Lisa has done a tremendous job in terms of working on the relationship side with the entire legislature, and Nancy Cain and her staff have been phenomenal on the budget side. There has been a tremendous effort on everyone’s part, and the partners have been fabulous. They have really have stepped up and we have had a true partnership in all of this.

D. Report of the Chief Financial Officer. Nancy Cain reports that with regard to the bonding programs, she is continuing to look at parties for liquidity, and is waiting anxiously for some information on if and how Freddie Mac and Fannie Mae (and perhaps Ginnie Mae) are going to be able to participate in the department’s bonding programs. To date there has been no announcement and there has been very little change in the market. She says that she will occasionally see a housing revenue bond issue sold, but with very high rates.

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

- Housing Division Reorganization. Bob Gillespie reports on the reorganization of the Housing Division, combining the Housing Finance and Housing Resource Sections, into a Multi-Family Section and a Single-Family Section. They will be phasing into the new structure over the next six months. Crager says he wants to continue the efforts that Lynn Schoessler had started when he was the Housing Finance Manager, in talking to the Council about ways in which the department processes its loans and the information Council feels is relevant, what is not relevant, and how they can streamline the process so Council gets good information to make decisions, and not given information that does not make sense or is not necessary. Gillespie states that Betty Markey will be taking on the role of policy analyst in an effort to being proactive as opposed to reactive. Discussion follows about rule making and administrative policies.

- Positions. Crager reminds Council that, even though the budget shows 32 positions, many of those positions are limited duration positions related to ARRA and the additional workload brought on by ARRA. At the end of the day, the department is still down positions.

- Housing PLUS. Crager refers Council to a recent memo they received from Roberto Franco regarding the status of Housing PLUS, and explains that if there are more resources available they will need to be committed. The initiative was to try to get the projects allocated across the state. Paradise Grove, an eastern Oregon project in La Grande, has backed out, so those resources will be targeted to the Central Oregon region. The department is engaging with a CFC applicant that had come in on a project that was not funded to see what can be done to create a permanent supportive housing model in Central Oregon.
• **Monetizing the First Time Homebuyer Tax Credit.** Crager distributes a draft concept paper on monetizing the first time homebuyer tax credit to create down-payment assistance for first time homebuyers, and gives an overview of the proposal to provide short-term, interest-free down payment loans to low- to moderate-income first time homebuyers, with the borrower repaying the loan upon receiving the tax credit payment. He says he met with Senator Courtney’s office, the Treasurer’s office, as well as the Realtors® and bankers, a few weeks ago. To really make this program advantageous, the department would need to do about $10 million dollars in loans. Courtney’s office is interested and they said they would look at it. The Treasurer’s Office is looking at some opportunities, and the Realtors® and bankers said they would contribute about $1 million dollars, but we have to get enough money generated to make a difference. Cooper asks if stimulus dollars can be used to fund the program. Crager says yes, and there is discretionary money that the Governor is using mostly to plug holes and services. He says he has a meeting with the Governor’s office next week to see if there would be any hope of getting some of that money re-directed for a small program. He explains that this would be revolving, with the idea that the money is advanced, and once somebody closes on their loan they can do a tax return (they do not have to wait until 2009, they can do a 2008 return) and get the credit back to pay for the loan. The key is that they have to pay the advance back. One of the department’s concerns is that if they do not pay the money back, it then turns into an amortizing loan, which is not something the department is set up to deal with from a servicing standpoint. Woolley asks what he thinks the amount is that would be needed to have a meaningful program. Crager says $10 million, and the department has about $2 million.

• **Preservation.** Crager distributes three documents: The Benefits of Affordable Housing Preservation, Preserving Affordable Housing with Lottery Backed Bonds (SB 5535) and Oregon Affordable Housing Tax Credits (SB 199), and Preserving Affordable Housing through Lottery Backed Bonds (SB 5535), explaining that the documents give the different scenarios of what the department can do with the $16.3 million dollars, and the economic benefits created through preservation of affordable housing.

• **Farewell.** Crager announces that this is Larry Medinger’s last meeting, as his term expires June 30, after serving about 9-½ years on Council, with the last two years as Chair. He says that Larry’s expertise as a builder has been a phenomenal help to the department and everyone really appreciates all of his hard work and the leadership he has provided. He presents him with a plaque to commemorate his years of service on Council. Each of the Council members share their thoughts and thanks to Larry.

F. **Report of the Chair.** Chair Medinger thanks everyone and says what impresses him most about the Council is the diversity and the experience that they all bring. He says that as an agency if he were to offer any criticism, it would be that it is too focused on generating the money and working the money to the best of its ability. He says he thinks there are a lot of strategic types of things that the department could be doing to extend its reach into workforce housing and working as a facilitator to put those types of projects together. He says the problem in workforce housing is where the land is going to come from. He believes the department solves a much broader spectrum when it
approaches those kinds of projects, because there is a carbon footprint that is increasing and the department needs to pay attention to that.

X. FUTURE AGENDA ITEMS. None

Chair Medinger adjourns the meeting at 1:30 p.m.

/s/ Maggie LaMont 7/24/09  /s/ Victor Merced 7/24/09
Maggie LaMont, Vice-Chair DATE  Victor Merced, Director DATE
Oregon State Housing Council  Oregon Housing & Community Services