

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.
July 24, 2009

MEMBERS PRESENT

Scott Cooper, via phone
John Epstein
Stuart Liebowitz
Francisco López
Maggie LaMont

MEMBERS ABSENT

Jeana Woolley

GUESTS

Betty Dominguez, Housing Authority of
Portland
Joey Castleberry, Housing Authority of
Portland
Dan Steffey, Guardian Management
Ross Cornelius, Guardian Management
Keith Wooden, Housing Works
Anna Geller, Geller, Silvas & Associates
Rey Ramsey, Chief Executive Officer,
One Economy Corporation

STAFF PRESENT

Victor Merced, Director
Nancy Cain, Chief Financial Officer
Bill Carpenter, Chief Information Officer
Pegge McGuire, Community Resources Division
Administrator
Dave Summers, Multi-Family Section Manager
Lisa Joyce, Legislative Relations Manager
Floyd Smith, Agency Affairs Director
Vince Chiotti, Regional Advisor to the Department
Jack Duncan, Multi-Family Section
Dona Lanterman, Single Family Section Manager
Craig Tillotson, Loan Officer
Roberto Franco, Director's Office Liaison
Margaret McDowell, Chief Audit Executive
Robert Larson, Debt Manager
Shelly Cullin, Senior Loan Officer
Becky Baxter, Loan Closer
Tony Penrose, Loan Closer
Frank Silkey, Department Architect
John Fletcher, Senior Policy Analyst
Debie Zitzelberger, Loan Officer
Mariana Negoita, Tax Credits Program Coordinator
Vikki Pointer, Recorder

- I. CALL TO ORDER: Vice-Chair Maggie LaMont** calls the July 24, 2009 meeting to order at 9:07 a.m.
- II. ROLL CALL: Vice-Chair LaMont** asks for roll call. **Present:** Scott Cooper (via telephone), John Epstein, Maggie LaMont, Francisco López and Stuart Liebowitz. **Absent:** Jeana Woolley.
- III. PUBLIC COMMENT: None**

IV. APPROVAL OF MINUTES: Vice-Chair LaMont asks if there are any corrections to the June 5, 2009 and June 24, 2009 Minutes. There being no corrections, the Motion was read:

MOTION: Epstein moves that the Housing Council approve the Minutes of the June 5, 2009 and June 24, 2009 Council meetings.

VOTE: In a roll call vote the motion passed. Members Present: John Epstein, Maggie LaMont, Francisco López and Stuart Liebowitz. Absent: Scott Cooper (had to leave meeting from time-to-time) and Jeana Woolley.

V. RESIDENTIAL CONSENT CALENDAR: Dona Lanterman, Single Family Section Manager, gives a brief overview of the consent calendar.

MOTION: Epstein moves that the Oregon State Housing Council approve the Consent Calendar.

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

VI. SINGLE FAMILY REPORT: Dona Lanterman, Single Family Section Manager, explains that there were 54 loans in May and 35 loans in June, for a total of 241 loans to date, with 141 reservations remaining. All the funds are reserved and there are 60 on stand-by. The department's pipeline used to be a mix of about a third rural development, but it has now shifted to 55% FHA, which is in line with the first time homebuyer program. **Merced** asks what kind of rates she is seeing on sales that are going through. **Lanterman** explains that the department tries to be half to one percent below market, and it would be at 6% if there was a bond sale now. **Craig Tillotson** adds that market rate today is about 5.19%. A lender mentioned the other day that to get down to what they are offering at 4.5%, the borrower would have to pay 3.25 points to buy down the rate. **Epstein** asks if the department's program, outside of being rate competitive, which it is not right now, has any other advantages, like less down payment, less lower scores. **Tillotson** says that what the department offers is a standard loan, and a lot of lenders focus on our program because, being a first time homebuyer program specifically, it satisfies a lot of their requirements for the Community Reinvestment Act.

VII. SPECIAL REPORTS: None.

VIII. NEW BUSINESS:

A. *Recommendation of Chair.* Merced states that typically it has been the practice of the Council to recommend the most senior member, in terms of years served on the Council, as the new Chair. The Council makes a recommendation to the Governor and the Governor appoints the Chair of Housing Council.

MOTION: López moves that the Oregon State Housing Council recommend to Governor Kulongoski that Maggie LaMont be appointed Chair of the Oregon State Housing Council.

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

B. *Martha Washington Apartments (Portland, OR)*, Pass-Through Revenue Bond Program Financing Request and Housing PLUS Allocation Request. **Debie Zitzelberger**, Loan Officer, introduces **Betty Dominguez**, Assistant Development Director, Housing Authority of Portland, and **Joey Castleberry**, Finance Director, Housing Authority of Portland. **Epstein** announces that he has a conflict due to Wells Fargo being involved with this project, and that he will be abstaining from voting on this project. **Zitzelberger** explains that the Housing Authority of Portland (HAP) has a request before Council to acquire and rehabilitate a historic downtown former hotel located at the corner of 11th and Main. The request is for \$9,234,000 in short-term tax-exempt bonds and \$894,000 in Housing PLUS funds. **Zitzelberger** gives an overview of the write-up contained in Council's packet. **López** asks for a description of the population that will be served. **Castleberry** explains that there will be 50 units of permanent supportive housing that will be set aside for extremely low-income, people suffering from chronic homelessness, and serious mental illness. **LaMont** asks if the building is currently vacant. **Castleberry** says it is. **LaMont** comments that it looks like they are anticipating a \$90,000 annual cash flow, and asks if there is anything in mind for the cash flow. **Castleberry** states that the project does not have any permanent must-pay debt, but there are some considerable loans to the property, so the cash flow will be used to service those loans.

MOTION: López moves that the Oregon State Housing Council approve a Pass-Through Revenue Bond Financing in an amount not to exceed \$9,234,000 to 1115 SW 11th Avenue Limited Partnership for the acquisition and rehabilitation of an existing building known as Martha Washington Apartments, subject to OHCS staff finalizing the terms and conditions, meeting OHCS, Wells Fargo and Enterprise underwriting and closing criteria, documentation satisfactory to legal counsel and Treasurer approval for the bond sale.

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

MOTION: López moves that the Oregon State Housing Council approve an allocation of \$894,000 in Housing PLUS funds for the construction and development of the Martha Washington Apartments project in Portland; and the designation of 10 units of Housing PLUS-Permanent Supportive Housing. Approval is contingent upon the Housing Authority of Portland meeting all Housing PLUS requirements.

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

C. *Pearl Family* (Portland, OR). **Shelly Cullin** Senior Loan Officer, explains that this project is being postponed until next month.

D. *Uptown Tower* (Portland, OR), Predevelopment Loan Request. **Shelly Cullin**, Senior Loan Officer, introduces **Dan Steffey**, and **Ross Cornelius** with Guardian Management. **Cullin** states that Guardian is requesting a \$200,000 predevelopment loan to help pay the extension fee for the purchase and sale agreement so they can keep site control of Uptown Tower, which is a 72-unit senior project located in downtown Portland, and she gives an overview of the write-up contained in Council's packet.

MOTION: Epstein moves that the Oregon State Housing Council approve a Predevelopment Loan in the amount not to exceed \$200,000, at a current interest rate of 5% per annum, for a maximum of two (2) years to GM Uptown Tower Apartments LLC for extension fees to maintain site control of Uptown Towers, contingent upon the Portland Housing Bureau as the guarantor.

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

IX. **OLD BUSINESS:** None.

X. **REPORTS:**

A. *Multi-Family Unit Counts*. **Bill Carpenter**, Chief Information Officer, explains that the chart contained in Council's packet was done at the suggestion of Judge Cooper and Mr. Crager. It shows by fiscal year the number of units that have been produced in multi-family and single-family, divided up by a number of categories. Since fiscal year 2001 through fiscal year 2008-09 the department has produced almost 18,000 multi-family units in about 500 projects. There have been just over 11,000 single-family loans, for a total of just over \$1.5B. Of the multi-family units, about one-third of them are acquisition/rehab, and two-thirds are new construction. Over half the units have been affordable family units, and nearly 20% are elderly. He says the intention of the report is to update it at the end of each fiscal year and report back to Council. **LaMont** comments that it is a good tool to use to look at some of the areas in which more outreach might be needed. **Epstein** states that the department is always trying to tell a story and this is good data for someone to access when trying to talk to legislators and others in the community. **Liebowitz** comments that the total units funded are significantly less than in other years, and asks if that is a reflection of a lack of resources or increase in costs. **Carpenter** says he would venture the opinion that it is probably the difficulty in closing the deals with the current

market. **Cullin** also noted that there were no bond deals closed in the past year, so that would also add to the decrease in the number of units funded.

B. Neighborhood Stabilization Plan Update. **Dona Lanterman**, Single Family Section Manager, and **Becky Baxter**, Neighborhood Stabilization Program Coordinator. **Baxter** explains that they have done one single family home purchase, which has closed. She says they are working hard to get the money out and allocated. The sub-recipients are very excited and there is going to be quite a few individuals who are going to be able to purchase homes. The department will also have the opportunity to help some very needy families to get into rental properties. They have applied for NSP 2 funds in the amount of \$26.2M. They anticipate hearing that the department was awarded funds by December of this year. Once Grant Agreements have been executed between HUD and OHCS, funds will be available for eligible NSP activities. It is anticipated funds could be available to OHCS by Spring 2010.

C. Legislative Wrap-Up. **Lisa Joyce**, Legislative Relations Manager, reports that the department had a successful session, given the economy and the many issues that the legislature was facing. She distributes a Legislative Agenda Update dated July 7, 2009, and a Legislative Highlights dated July 9, 2009, and gives an overview of each. She says the next step will be implementation. On HB 2436, the Document Recording Fee, the department is looking at creating a Policy Advisory Council that would cross over all of the areas, from anti-poverty efforts through affordable housing, to provide recommendations and feedback to the agency as it implements big pieces of legislation and tackles big problems, like the problem of homelessness. She says any ideas on how to make that work would be appreciated. At this point the department is considering that there would be a representative from the Community Action Partnership of Oregon, Housing Council, and other partners. **Merced** explains that this was an idea that they come up with at a meeting with OregonON and some advocacy groups about not only focusing on the notion of transparency within the agency, but also to help with coming to consensus around certain kinds of definitions and issues, and that we move together jointly. To have a member of Housing Council co-chair of this body was a way to solidify the thinking from Council's end, as well as the advocacy end.

Epstein asks when the Document Recording Fee will become law. **Joyce** explains that the law becomes effective October 1. The collections will be deposited to the state on a quarterly basis, so revenue will not be seen until the first of 2010. **Epstein** asks what the data source was that says Oregon is number one in homelessness. **Joyce** states it is a document that comes from HUD. It looks at the homeless counts and compares them to the population, so as a percent of population we rank among the highest. Oregon has been doing better every year counting the number of people experiencing homelessness. There was a 37% increase in the number of homelessness from 2008 to 2009 of people counted. Discussion followed regarding homeless counts and the difficulty in getting accurate counts. **Pegge McGuire**, Community Resources Division Administrator, explains that one of the things her department sees is people living in RVs, and some of the circumstances are for a limited period of time. People will get tired of having other family members and friends living with them, the relationships get tense, and then they are out on the street. So at that point the newly made homeless are doubling up. In more communities, with the homeless vouchers, the funds are being usurped to take care of those kinds of problems, and there are no funds available for people who are newly homeless. She

says there are going to be more and more newly homeless. Rural homelessness presents the challenge of people being turned away from shelters, and it is impossible to know if they are homeless or not, or have an access to services, so the street counts are really essential.

D. Federal Stimulus Plan Update. **John Fletcher**, Senior Policy Advisor and ARRA Coordinator, distributes copies of the ARRA Report dated July 24, 2009, and the LIHTC ARRA Resources Comparison Matrix dated June 9, 2009, and gives an overview of each. **Liebowitz** comments that one of the frustrations is how slowly the federal stimulus money goes out. He asks at what point does he believe he will be telling Council 50% is now disbursed. **Fletcher** says that the major blocks of money are the weatherization funds and the tax credit funds, and he hopes in the next two months to start seeing weatherization funds go out the door. The TCAP regulations are very complicated and they are awaiting Treasury and HUD guidance on those funds, but by the end of the summer those funds will be allocated. **Merced** states that there has been a lot of frustration from the feds to the state with the time frame on these funds. The public is not aware that the department has to ask permission of the legislature to seek these funds and apply them. The department has to go through multiple layers of presentations and paperwork and it is a frustrating process. There seems to be a new culture at the federal level to speed up some of these awards. The department was surprised when it had not received any of its HOME money for this year's allocation. The Governor's office was contacted and within 48 hours it was approved and the money was on its way. **Fletcher** adds that there was also a complication with the federal Davis Bacon wage rates and each program had a new overlay of regulations, which meant that the federal government had to determine how they were going to administer those funds. The department then had to update its contracts, training and procedures. **LaMont** says it looks like all of the CSBG funds have been committed and asks what his feeling is on that process. **Fletcher** states that the funds were just recently awarded to the department, and within this past week the final work plan was approved. The department does have funds committed, and the dollars expended always occur after the fact where they have gone through to use the funds to pay for an eligible activity and then come back for a reimbursement through the state.

E. Tax Credit Assistance Program (TCAP). **Mariana Negoita**, *Low Income Housing Program Manager*, distributed copies of a PowerPoint presentation regarding the Federal Stimulus Tax Credit Programs: TCAP and Section 1602 Programs Gap Financing Application. She said that with regard to the time frame question posed earlier, resources at this time for this program are the \$27.3M that have already been granted to the department (the grant was signed June 30, 2009). In the Tax Credit Exchange Program they anticipate somewhere below the \$49.9M because deals have been closing and not as many credits need to be exchanged. There have been about five deals close in the last month. By the next Housing Council she is expecting all of the gap financing applications for both programs to come in. She says that OHCS is stepping into shoes that it has not typically been in before with these programs, and OHCS is going to do everything it can to structure transactions with all parties involved so that the projects are feasible for the long term. She says they do anticipate a very fluid market as the capital investments and commercial real estate market continue to be a fluid environment. **Epstein** says he hopes she will talk to lenders on ways to structure this, because there are some real problems on how this money flows. Unlike tax credits there is no value associated with this, so people are coming with 100% loan-to-value, which is a huge problem

right now. He said that lenders are looking for estoppel letters, or some sort of guarantee that the federal money will definitely flow to the project. **Negoita** says they do realize that and they have a broad spectrum of projects they are working with and they are hoping to have an exchange for each project between OHCS and the parties involved in each individual deal. **Epstein** says it is much easier if they do it on the front end.

F. Report of the Chief Financial Officer. **Nancy Cain** reports the following:

- Although there continues to be some issuance and achievable mortgage rates that would make the department's single family bonds competitive with the market rates, the department is still not able to get into the market on its single family bonds. The department will probably have a smaller issue range, somewhere between \$35M and \$50M, if it does go out. Liquidity continues to be an issue, although the department will be signing an agreement with a new liquidity provider in the next few days. The department is somewhat unusual within housing finance agencies in that it has existing agreements and is entering into a new one that will give it access to liquidity.

- The department is awaiting the GSE proposals. The department has been told that the legal issues were resolved and we should expect something soon.

Merced introduces the former director of OHCS, Rey Ramsey, who is visiting from Washington DC. **Ramsey** says the department is in great hands with great leadership. He explains that he was just at the Governor's office talking about broadband and wanting to see how he could work with housing and other entities in the future to make sure broadband is available to all people. He said we need to make sure we are in the 21st century on things that we do and that we can establish a partnership.

Cain continues her report:

- *Budget.* Her division is currently performing technical evaluation of the 09-11 budget, finalizing numbers and submitting reports.

- *Revenue Workgroup.* A Revenue Workgroup has been established, comprised of staff from each division, to review revenue streams and the costs to run their programs, with a focus on maximizing revenue. They will be assessing whether or not fees need to be increased. They will also be looking at creative ways to generate new revenue in order to put the department in a better financial situation. There was discussion about the department entering into a new form of interest rate swap transaction. **Epstein** asks, in light of the fiduciary responsibility of the workgroup, what the checks and balances would be before entering into interest rate swaps. **Cain** says that on swaps, the state treasurer has to sign off. The department is monitored very closely by treasury, and they are in every call from beginning to end. The Finance Committee has to approve swap agreements. **Epstein** clarifies that the financial advisors, the Finance Committee and the state treasury must approve all swap transactions. **Merced** says that is correct.

G. Report of the Director. **Victor Merced** reports the following:

- *Council Appointment.* He is still waiting on what the next process is for the new Council member. He had estimated earlier that Senate confirmation would be in September, but this is not high on the legislature's priority list and appointments to boards and commissions are still on hold.

- *ARRA.* The department is concerned with how the nexus between homelessness and unemployment continues to work in tandem. He is hoping that the department will see additional resources both at the federal and state level. He attended a conference a few weeks ago in Chicago as part of the MacArthur grant that the department received, and he participated on a preservation panel. The other housing finance agencies got the chance to have meeting with Laura Blatchford, the Chief of Staff to Secretary Shaun Donovan of HUD, and she wanted to meet with state leaders to find out what they could do to help. It was an honest and open meeting. A lot of HFAs and Housing Authorities had a very antagonistic relationship with their regional HUD offices. When it was time for him to speak he told them our problem was not with our relationship with HUD, but more of working with interpretations or definitions. They seem to be taking a top to bottom look, and they are willing and open to work with us. They will be conducting some regional visits. There may be opportunities to go to Washington DC to participate on panels to discuss issues we see.

- *Director’s Office Reorganization.* The department has been working on streamlining, including the Director’s Office, beginning August 1. His hope is to reduce redundancies and strengthen the organization.

XI. FUTURE AGENDA ITEMS.

- **Oregon ON** has offered to conduct a one-hour board training for Housing Council around housing issues.
- **Commission on Children and Families Presentation** want to present their strategic plan, which involves some housing issues.
- **Director’s Third Anniversary.** A report that would elaborate on what has transpired in Victor’s three years with the agency (September).
- **Broadband Service.** Rey Ramsey’s presentation on accessing broadband service in developing housing.
- **Goal setting** for Council over the next few years.

Merced comments that each Council member brings certain talents and skill sets and on-the-ground experience, and he would like to see each of them integrated within the agency.

Vice-Chair LaMont adjourns the meeting at 11:45 a.m.

/s/ Maggie LaMont 8-28-09
Maggie LaMont, Chair **DATE**
Oregon State Housing Council

/s/ Victor Merced 8-28-09
Victor Merced, Director **DATE**
Oregon Housing & Community Services.