

OREGON STATE HOUSING COUNCIL
Minutes of Meeting

Meeting Location:
Oregon Housing and Community Services
725 Summer Street NE, Room 124 A/B
Salem, OR 97301

9:00 a.m.
January 6, 2012

MEMBERS PRESENT

John Epstein, Chair
Tammy Baney
Mike Fieldman
Adolph “Val” Valfre, Jr.
Jeana Woolley

MEMBERS ABSENT

GUESTS

John Miller, Oregon ON
Skip Grohdahl, GSL Properties
Melora Banker, GSL Properties
Chuck Weinstock, Chase Bank
Peter Hainely, CASA of Oregon
Cristel Alley, OHA
Sheila Greenlaw-Fink
Ramsey Weit
Tom Cusack, Oregon Housing Blog

STAFF PRESENT

Margaret S. Van Vliet, Director
Rick Crager, Deputy Director
Nancy Cain, Chief Financial Officer
Bob Gillespie, Housing Division Administrator
Karen Tolvstad, Policy, Communication &
Strategy Division Administrator
Jodi Enos, LIHTC Tax Credit Program Coordinator
Mike Auman, OHSI Administrator
Dave Summers, MultiFamily Financial Manager
Heather Pate, MultiFamily Programs Section
Manager
Vince Chiotti, Regional Advisor to the
Department
Karen Clearwater, Regional Advisor to the
Department
Shelly Cullin, Senior Loan Officer
Lisa Joyce, Legislative Relations
Betty Markey, Senior Policy Advisor
Janna Graham, Loan Specialist
Jo Rawlins, Recorder

I. CALL TO ORDER: Chair Epstein calls the January 6, 2012 meeting to order at 9:02 a.m.

II. ROLL CALL: Chair Epstein asks for roll call. **Present: Tammy Baney, Mike Fieldman, Adolph “Val” Valfre, Jr., Jeana Woolley and Chair Epstein.**

III. PUBLIC COMMENT: John Miller, Executive Director of Oregon ON, said his organization was disappointed to learn that their comments did not make it into the first rewrite of the QAP, and were presented with a rewrite in September that also did not incorporate any of their comments. They resubmitted their comments at that time, but many of the things were still not incorporated into subsequent rewrites. He suggests that, rather than having OHCS craft what it thinks is the right thing and then having the owners and operators react, it would be better to have an ongoing dialogue. He says he is encouraged that it sounds like that process will be used with the CFC rewrite. He comments that the owners of their 23,000 units are experts and have valid input into what makes healthy housing for Oregonians. Oregon ON asks that the Housing

Council monitor that process and encourage ongoing dialogue between OHCS and all the owners within the state. **Epstein** says there was a meeting yesterday with owners about communication around having more collaboration with our partners.

IV. APPROVAL OF MINUTES

A. **Chair Epstein** asks if there are any corrections to the December 2, 2011 Minutes. **Woolley** points out a mistake on page 5, line 3. It should read “30 year” instead of “three year.” There being one amendment, the Motion was read:

MOTION: Valfre moves that the Housing Council approve the Minutes of the December 2, 2011 Council meeting, as amended.

VOTE: In a roll call vote the motion passes. Members Present: Tammy Baney, Mike Fieldman, Adolph “Val” Valfre, Jr., Jeana Woolley and Chair Epstein.

V. RESIDENTIAL CONSENT CALENDAR: None.

VI. NEW BUSINESS:

A. *The Yards at Union Station Phase C Apartments* (Portland, OR), Pass-Through Revenue Bond Financing Request. **Shelly Cullin**, Senior Loan Officer, introduces **Skip Grohdahl** and **Melora Banker** from GSL Properties, and **Chuck Weinstock** from Chase Bank. **Cullin** reports that GSL Properties has requested a Pass-Through Revenue Bond allocation for the development of The Yards at Union Station Phase C Apartments. Phase C of The Yards is the last and final phase of a 4-phased development, and will consist of 80 units, targeting families at or below 60% of AMI. **Cullin** gives an overview of the write-up contained in Council’s packet. She explains that, in response to an inquiry from Chair Epstein, the department has issued conduit bonds for 50 projects since 2000; and GSL has two projects that utilized the department’s Pass-Through Revenue Bond Program -- Wyndhaven in Beaverton and Gresham Station. **Epstein** says the department has the right to issue bonds under its authority. Housing authorities have the right to issue bonds and there are a few other issuing agencies. When we are the issuer we are using our authority to issue tax exempt debt as allocated by the federal government year-to-year. There is plenty of supply right now. From a practical standpoint, we have no financial liability. We do collect a fee for being an issuer, and it is a revenue source for this agency. Our primary risk on something like this is reputation risk. We also have a bond program that is the Risk Sharing program and in that case we do take some financial risk. **Cullin** adds that this is the department’s first project with Chase Bank, and thanks them for participating.

MOTION: Woolley moves that the Oregon State Housing Council approve a Pass-Through Revenue Bond Financing in an amount not to exceed \$7,700,000 to The Yards Phase C LP for the new construction of The Yards at Union Station Phase C Apartments, subject to borrower meeting OHCS, Chase Bank, Portland Housing Bureau and City Real Estate Advisors, Inc. underwriting and closing criteria, documentation satisfactory to legal counsel and Treasurer approval for the bond sale.

VOTE: In a roll call vote the motion passes. Members Present: Tammy Baney, Mike Fieldman, Adolph “Val” Valfre, Jr., Jeana Woolley and Chair Epstein.

B. Proposed 2012 Qualified Allocation Plan Changes/Comments. **Jodi Enos**, LIHTC Tax Credit Program Coordinator, and **Karen Tolvstad**, Policy, Strategy and Communication Division Administrator. **Tolvstad** explains that she has been asked by Margaret to take a look at policies for the agency and what is the best way to move forward. The department will be sending out an initiative to partners on what changes need to be made as an industry going forward to address affordable housing and community service needs. The plan will be done this month, as well as the beginnings of the conversations with property owners and potential property owners. This will be a change of how we make policies, implement policies and then check to make sure they are effective. **Van Vliet** adds that her intent is that this be brought back to Council for further discussion. The department will do the ground work, and then come before Council with some ideas to be vetted in a public manner on what we are seeing and ways to think about policy priorities.

Enos explains that OHCS is designated by the Governor as the administering agency for the Low Income Housing Tax Credit Qualified Allocation Plan (QAP). This plan, if adopted, would govern the allocation of LIHTC in the 2012 Consolidated Funding Cycle round. Section 42 of the Internal Revenue Code requires that the QAP set forth selection and allocation criteria of LIHTC. **Enos** gives an overview of the suggested changes to the QAP, as outlined in the Housing Council packet. Following discussion, Council suggests two amendments to the QAP: 1) On page 21 of the QAP (page 43 of Council’s packet, line 17), adding “Cost Reasonableness” as a program consideration to be evaluated in the application; 2) On page 25 of the QAP (page 47 of Council’s packet, line 12), deleting the words “rapid inflation,” and revising the sentence to read as follows: *If there is an increase in LIHTC in pricing subsequent to a reservation of tax credits due to a material change in the pricing of credits, OHCS reserves the right to adjust the amount of a tax credit award or any other OHCS funding source.*

MOTION: Woolley moves that the Oregon State Housing Council approve the final 2012 Qualified Allocation Plan as presented, with the two amendments suggested by Council, with recommendation to forward to the Governor for signature.

VOTE: In a roll call vote the motion passes. Members Present: Tammy Baney, Mike Fieldman, Adolph “Val” Valfre, Jr., Jeana Woolley and Chair Epstein.

VII. SPECIAL REPORTS: None.

VIII. OLD BUSINESS: None.

IX. REPORTS:

A. *Oregon Homeownership Stabilization Initiative (OHSI) Update.* **Mike Auman**, OHSI Administrator, reports the following:

- There are 4,000 applicants in the first round of the Mortgage Payment Assistance program.
- \$36M in assistance has gone out across the state, which is up \$5M from the last Council meeting.
- The second round of the Mortgage Payment Assistance program (U program) was rolled out as a pilot phase in Klamath and Lake Counties, with almost 30 applicants. The next phase of the launch will be on January 25, in Washington, Multnomah, Marion, Clackamas and Lane Counties. They will continue to roll out phases, with all counties open by March 7.
- They are continuing to honor the initial obligations made to the rural counties in Oregon by the targeted roll out. Each county does have a defined number of slots. Once the applications are accepted for those, they will move to a statewide opening for the program, which they expect to be by mid-year. That will allow any remaining slots and any remaining funding that is available to be offered on a first-come, first-served basis throughout the state.
- Eligibility for the new program has been revised, and is simpler and quicker. The OHSI website features a full eligibility test people can take to see if they qualify. The website will soon include a video on how to apply for the program.
- The Preservation program is rolling out simultaneous with the Mortgage Payment Assistance U program. Those that applied for the Mortgage Payment Assistance U program will automatically be enrolled for up to a \$10,000 reinstatement in the Reinstatement program. If they need funds between \$10,000 and \$20,000, they will be eligible for the Preservation program they expect to roll out mid-year.

Woolley asks if, on the unemployment program, those that ran small businesses will be eligible, noting that there is currently no assistance for those in that situation. **Auman** explains that in the first round of mortgage payment assistance, that population was considered. Looking forward and taking cues from the federal level, they are launching just an unemployment program for the folks that are receiving unemployment. **Woolley** asks if we provided any assistance to those that were unemployed, having lost their own small business. **Crager** states that the percentages were about 50/50 – unemployed versus underemployed (loss of income).

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

- The department is currently evaluating whether it is time to go out for a single family bond issuance.
- The Private Activity Bond Committee meeting is scheduled for January 17. The department will request all of it for single family.
- The department's annual audit is done.
- There has been an opinion issued on the Enterprise funds, and there were no issues and no findings.

Epstein says he wants to make sure there are no issues on any audits that Housing Council should be made aware of, and requests that any material findings be brought before the Council. **Van Vliet** says absolutely, and if there is a regular financial report, that will be reported on as

well. **Cain** replies that she will add that to her reporting. **Fieldman** comments that in the past, the amount of detail regarding funding revenues has been helpful. **Cain** states that the department is facing significant reductions in federal funding, and there is a report that has been developed that analyzes some of the impacts. **Fieldman** says that would be helpful to be able to share that with other partners.

C. Report of the Deputy Director. Rick Crager reports the following:

- The department is preparing information on federal reductions and what the impacts are, which will be shared with partners.
- The department is looking at a 60% cut on the normal allocation it gets through the Department of Energy for weatherization, which does not include the ARRA dollars that will be ending, due to those being committed by March 31, 2012. **Fieldman** points out that this is in addition to the LIHEAP funding that is being reduced by 38%. **Crager** adds that the energy assistance funding that provides assistance to pay low-income Oregonians' utility bills will be impacted by a total of 20-30% reduction.
- HOME funding will be reduced by 38%, which will have impacts on two programs: less money for CFC and funding processes in the future, and HOME TBA. **Cain** states that the 38% cut to HOME funds is about \$3.8M in addition to a \$1.5M reduction that incurred in the previous year. Between the two years that is \$5.3M. Total reductions are \$5.3 in HOME; \$10M in LIHEAP; and \$800,000 in DOE. **Baney** says she will be in Washington DC next week meeting with our federal delegation, and that talking points to that effect would be beneficial.
- OCVAS will have a substantial cut, nearly 50%, of one of their key sources of funding to administer the AmeriCorps program.
- There are also state reductions that will come into focus after the next economic forecast. We have modeled 3.5%, 7% and 10.5% reduction levels to our General Fund programs, which include the two homeless funding sources, the General Fund Food program, and the Low-Income Rental Housing Fund.
- All state government is under a hiring freeze, and there will be an exception process to go through in order to recruit for positions. Needed OHSI positions will be the first to go through that process. We are trying to save dollars, but at the same time recognize the critical functions and services that need to be provided. **Cain** adds that agencies have also been asked not to spend any program funds that are new or are enhancements.
- CFC applications will be going out for 2012.
- 160 of our existing properties have been analyzed to better assess their structure and what we can anticipate going forward. The properties will be categorized by level of risk.

D. Report of the Director. Margaret Van Vliet requests Council's assistance in recruiting for two new Council members. Legislative days will be coming up partway through this month and then February will be the short session of the legislature. The department has been asked by the Senate General Government, Consumer and Small Business Protection Committee to talk about Hardest Hit and how it fits into the bigger arena of what is happening in the foreclosure market. She is spending a lot of time on the Oregon 10-Year Plan and what it means for budgeting and how we reframe our budget and line up our proposed expenditures and funding sources with the seven statewide outcomes. She is also looking at that programmatically and from a policy perspective and the need to do some policy setting and community engagement to have some of those things come together in new ways. The department has to keep an eye on the state's interest in pursuing the seven outcomes and how to balance those big

