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.
August 10, 2012

I. CALL TO ORDER: Chair Woolley calls the August 10, 2012 meeting to order at 9:01 a.m.

II. ROLL CALL: Chair Woolley asks for roll call. Present: Mayra Arreola, Aubre Dickson, Mike Fieldman (arrived at 9:04am), Adolph “Val” Valfre, Jr., Zee Koza, and Chair Jeana Woolley. Absent: Tammy Baney.

III. APPROVAL OF MINUTES
A. Chair Woolley asks if there are any corrections to the July 13, 2012 Minutes. There being no corrections, the Motion was read:

MOTION: Koza moves that the Housing Council approve the Minutes of the July 13, 2012 Council meeting.
VOTE: In a roll call vote the motion passes. Members Present: Mayra Arreola, Aubre Dickson, Adolph “Val” Valfre, Jr., Zee Koza, and Chair Jeana Woolley. Absent: Tammy Baney and Mike Fieldman.

IV. DIRECTOR’S REPORT: Margaret Van Vliet, Director, reports the following:

- **Consolidated Funding Cycle (CFC).** The process of debriefing the results relating to the recent CFC awards with unsuccessful applicants continues. Applicants are aware this is a transition year. Input from the applicants has provided an additional opportunity for staff to hear what sponsors would like to see in future processes. OHCS is currently gearing up for the next allocation. A map highlighting five years of projects funded by CFC has been developed (A copy was made available later in the meeting and is included in the permanent meeting records).

- **Foreclosure Mitigation.** Good work surrounding the implementation of Senate Bill 1552 during the February 2012 short legislative session continues. The bill requires banks to meet with homeowners who are at risk of foreclosure in mediation prior to taking foreclosure actions. OHCS’s role is to provide mediation, counseling, outreach, and legal assistance. OHCS will be reporting its progress to the legislative interim committees in September 2012. The foreclosure and mediation process is currently in a state of flux. More information to follow.

- **OHSI/HHF.** An update to the Oregon Homeownership Stabilization Initiative will be presented later in the agenda. Currently there are 10 officials from the United States Department of Treasury at OHCS performing an onsite monitoring review. In addition, during the week of August 13, there will be eight officials from the Special Inspector General for Troubled Assets Relief Programs (SIGTARP), who will be performing a review of the hardest hit funds in the state.

- **HUD** is also at OHCS performing an audit of the HOME program the week of August 6. All is going fine.

- The Governor has released his **10-year energy plan** for the state. There were few references to affordable housing and energy efficiency opportunities for low-income households. Staff has made a few specific comments that will hopefully be incorporated. OHCS is helping partners look at new ways of financing utility upgrades with on-bill financing; HUD, USDOE, and state partners are actively pursuing.

- **OHCS** has applied for **HUD’s 811** demonstration program, which is capital grant and rent assistance funding for subsidizing low income and disabled populations. OHCS asked for $2M that would provide 49 units. Awards will be announced by the middle of November 2012. This was done in collaboration with the Oregon Health Authority (OHA) and the Department of Human Services (DHS).

- **Neighborhood Stabilization Program (NSP).** Out of the three rounds, 90% has been spent in the first two, while 36% has been spent thus far for the third round. All of the NSP funds need to be spent by March 2014. There will be some amendments to the OHCS action plan in an effort to move funds to activities and sponsors that can meet these deadlines effectively. HUD is supportive and OHCS is in close communication with cities who are local partners.

- Funds for weatherization and sustainable energy are nearly 100% expended. In short, the funds went out to 8,250 households that encompass 17,000 low-income
Oregonians. Some 237 contracting firms did the work, and they employed 1600 people for close to 300,000 labor hours.

- **Elderly Rental Assistance Program.** Currently managed by the Oregon Department of Revenue, the Legislature wants to transfer this program to OHCS. OHCS is doing an analysis now to see how this could blend with other rent assistance programs OHCS operates through local agencies. If transferred, the program would be in place during the 2013-15 biennium.

- **Streamlining Pilot Program.** This involves federal, state and local agencies, banks, investors, and the Portland Housing Bureau to look at streamlining such items as compliance monitoring, financial reporting, and physical inspections. Oregon is one of six states picked to perform such a program at the Federal level aimed at the physical inspection side. This is being done in conjunction with the US Department of Agriculture and HUD.

- **September Legislative Days.** OHCS will be in front of several different committees. The Senate Committee on General Government, Consumer, and Small Business Protection wants an update regarding SB1552. The House Human Services Committee has asked OHCS to discuss its role in the area of fair housing.

- **John Epstein. Van Vliet** and the Housing Council membership paid recognition to John Epstein for his service as a long standing member of the Housing Council and prior Chair.

V. **PUBLIC COMMENT:** None.

- Council member **Fieldman** apologized for being late. He wanted the July 13, 2012 minutes amended to reflect he abstained from the motion relating to the Eagle Landing, HOME grant in Roseburg, Oregon. The committee agreed to change the July 13, 2012 minutes to reflect his abstention.

VI. **NEW BUSINESS:**

A. **The 1200 Building Apartments (Portland, OR).** Pass-Through Revenue Bond Request; Housing Preservation Fund Grant Request; Low-Income Weatherization Grant Request. **Debie Zitzelberger**, Loan Officer, and **Jim Winkler**, representing the developer of the complex.

**Zitzelberger** explained that CSP 1200 Limited Partnership is going to be the borrowing entity. They have received Finance Committee approval for low income housing tax credit and Oregon Affordable Housing tax credits. The structure is an existing building and all 89 units are covered by Section 8 project based rental assistance. The new owner will extend the Section 8 contract for another 20 years and renovate the property. The lender, US Bank, is also the bond purchaser. All parties involved are on a clear path to close on August 31, 2012. Debie recommended approval of the three motions listed in the meeting packet.

**Winkler** spoke briefly to the projects purpose and level of service it will provide to the indigent aging population in the area.

Council members posed the following comments and questions relating to the 1200 Building Apartment project:
Dickson asked for clarification regarding the last sentence of the Pass-Through Revenue Bond request relating to the resolution of the Residual Receipts flow of funds control issue. Has it been resolved? Answer: Yes.

Valfre asked how many units are fully accessible and if there were one or two elevators available? Answer: There are two elevators. Nine units are specifically designated for severely handicapped. Part of the renovation includes installation of hospital lifts to make it more functional for staff members to provide proper care. This would make 9 out of the 89 units fully accessible as opposed to adaptable. There will be further adaptations to all the units to make them more adaptable.

Dickson referred to page 18 of the 1200 Building Apartments Executive Summary, “Cash Flow Analysis,” section. The second bullet stipulates, “…the project will continue to serve elderly and disabled tenants with incomes at or below 50% of area median income,” while the cash flow grid indicates 60%. Is it 50% or 60%? Answer: With respect to the possible expiration of Section 8 contracts; namely, the inability of the federal government to provide them, and at the request of the investors, we want a 60% affordability limit due to the signing of long-term restrictions on the use of the asset for 60 years. Should the federal government be unable to service the half contract, we would be able to default at a higher rental rate (60%).

Dickson asked what is included in the “Other Residential Income” category referenced on page 18 of the Executive Summary. Answer: The ground floor is commercial, which includes commercial rents and laundry services as well as parking in the subterranean level.

Valfre provided commentary by speaking to prior write ups from Fair Housing. These write ups referred to having accessible units on one floor leaving little choice to residents, which varies from one location to another. We want to make sure the Fair Housing in these areas does not have an issue relating to accessibility. Response: Winkler mentioned an audit has been performed along with experts from the Portland Housing Bureau who have ensured these units meet the standards for accessibility. Van Vliet added it would be helpful to weave in a small narrative or profile of who is living in the units and how accommodations have been incorporated in future write ups. Doing so would alleviate questions and/or concerns relating to accessibility.

Arreola inquired as to what diverse populations are represented and how is outreach being conducted? Answer: The level of diversity varies from one location to another, while most have very diverse populations. Language coordinators are in place and signage is often displayed in five different languages. Also, there are varied populations as it relates to people of color. This issue has never been so much about outreach but more so about providing affordable housing in good locations where access to basic needs and central services are readily available.

Arreola asked if there were any programs in place to serve the residents in an inclusive way at the community level. Answer: Part of the remodel process included the building an office for a resident services coordinator and begins with implementation of the complete program. This can range from exercise and nutrition classes to newsletters and low energy assistance access. Community access coordinators are often brought in to highlight the services they provide.
MOTION: Dickson moves that the Housing Council approve the following:

- A Pass-Through Revenue Bond Financing in an amount not to exceed $12,542,000 to CSP – 1200 Limited Partnership for the renovation of The 1200 Building Apartments, subject to borrower meeting OHCS, US Bank, and Portland Housing Bureau underwriting and closing criteria, documentation satisfactory to legal counsel and Treasurer approval for the bond sale. Approval is contingent upon the sponsor resolving the Residual Receipts flow of funds control question to the Department’s satisfaction and both CSP-1200 Limited Partnership and CSP-1200 GP LLC signing an indemnification satisfactory to the Department.
- A Housing Preservation Fund grant request in an amount not to exceed $1,336,000 to CSP – 1200 GP LLC for the renovation of The 1200 Building Apartments.
- An allocation of Low Income Weatherization Fund grants to CSP – 1200 GP LLC for the renovation of The 1200 Building Apartments in an amount not to exceed the lesser of the eligible weatherization components or $112,000.

VOTE: In a roll call vote the motion passes. Members Present: Mayra Arreola, Aubre Dickson, Mike Fieldman, Adolph “Val” Valfre, Jr., Zee Koza, and Chair Jeana Woolley. Absent: Tammy Baney.

VII. REPORTS (A copy of the PowerPoint presentations for each of the reports is included in the permanent meeting records):

A. Agency Engagement in 10-Year Plan & Budget. Director Van Vliet began with a high-level review of the links to Governor Kitzhaber’s 10-Year Plan in the six outcome areas of Education, Healthy People, Economy and Jobs, Healthy Environment, Safety, and Improving Government. In the first 2-year cycle each state agency was tasked to begin budgeting and planning in one of these six outcome areas: OHSC was assigned the Healthy People outcome. OHCS will play a role in the following:

- Ensuring all Oregonians have access to decent housing which meets their basic needs and allows them to reach their full potential.
- Ensure access to sufficient, nutritious and affordable food for all Oregonians.

Program Funding teams will meet in September 2012 and October 2012 to create recommendations as to what are the highest priorities state government should be doing in the next biennium. These will be distilled and given consideration as the Governor develops his recommended budget to submit to the Legislature.

Lastly, Van Vliet spoke to the importance of OHCS being at the table with partner agencies to discuss how to effectively integrate Health, Human Services and Housing.
B. Residential Loan Program Update. Julie Cody, Program Delivery Division Administrator, Bob Larson, Debt Management Manager, and Roberto Franco, Single Family Program Manager, provided an overview and update of OHCS’s Residential Loan Program, which has been in place, in one form or another, since 1977 and has serviced 35,653 mortgage loans totaling over $2.9 billion. The mortgage loans have been financed with proceeds of bonds issued under three indentures: Housing Finance Revenue Bonds (1977 to 1985), Mortgage Revenue Bonds (1988 to Present), and Housing Revenue Bonds (2009 to Present).

Future challenges for the loan program include: delinquency and foreclosures that historically have high levels; shrinking loan portfolio due to foreclosures and high prepayments resulting from historically low interest rates; remaining New Issue Bond Program issuance authority expires on December 31, 2012; and, ability to issue future bonds with structures and rates that will result in mortgage rates that are not attractive to borrowers.

Chair Woolley commented on breadth and scope of the information presented. She asked for a layman’s overview of this loan program for new and existing council members. Franco explained the program is for first time home buyers. The Debt Management Section is where the funds originate through bonds and the private market, which is how OHCS gets the money to invest. Upon obtaining these funds, OHCS makes them available to a network of lenders throughout the state. There are price and income level limits associated with this program. Lenders will work with borrowers; loans do not originate from OHCS. Lenders will list what services are available from OHCS for borrowers to consider. Lenders will perform tasks associated with underwriting, income taxes, and credit checks per the program requirements. Once the lender funds the loan, all the loan documents are sent to OHCS, who will reimburse the lender.

OHCS is looking at a “new” program; Mortgage Backed Securities/TBA program. This would allow OHCS to originate loans and sell them into the secondary market for future settlement without issuing tax-exempt bonds.

Van Vliet pointed to the possibility of being in position to recommend using other state resources, i.e. weatherization, document recording fees, etc. It would require collaboration with local communities to determine what is feasible.

All of the council members present did agree this level of collaboration will require a different way of thinking in the days ahead both to OHCS and its partners.

C. OHSI Program Update. Mike Auman, OHSI Administrator, updated the Housing Council on the Oregon Homeownership Stabilization Initiative. Oregon was one of 18 states to receive an allocation of $220 million in Federal Hardest Hit Funds (HHF) for foreclosure prevention. In order to accept the funding, OHCS created the Oregon Affordable Housing Assistance Corporation (OAHAC) and a suite 5 programs, known as the Oregon Homeownership Stabilization Initiative (OHSI). The suite includes; Mortgage Payment Assistance, Loan Preservation Assistance, Loan Refinancing Assistance Pilot Program, Loan Modification Assistance, and Transition Assistance (no longer part of the initiative).
Applications for all programs are initiated through the OHSI web portal at: [http://www.oregonhomeownerhelp.org/](http://www.oregonhomeownerhelp.org/)

Dickson asked if the refinance program was going to be extended beyond Jackson and Deschutes counties at some point. **Answer:** The Refinancing Assistance Program is currently in a pilot phase. At this point, the decision has been made to keep the program in the pilot phase with these two counties. There has been some prior work on a national level by both servicers and lenders to determine what traction the program would receive. Fannie Mae, a government sponsored enterprise, determined this was not a good model for them at this time. Bank of America and US Bank have internal governance requirements that do not allow them to participate. This is not to say it would not be applied to other counties, only there is not enough information at this point to make that decision.

Valfre spoke to the positive energy this program has sparked and the good job staff has done in maintaining transparency.

Arreola complimented Auman and his team for creating a very inviting and easy to use web portal. She asked who accesses the website, i.e community organizations, various individuals, etc. **Answer:** Individuals are sent to this portal to begin their application process. Additionally, OHCS has contracts with the 16 regional agencies (*Community Action Partners and Community Development Centers*) around the state to assist individuals where there may be language barriers or no computer access in getting to this portal. OHCS has also partnered with the Employment Department to set up their work source centers for application support. There has been targeted geographical and population advertising. OHCS is tracking demographics, which gets reported to the Treasury department on a quarterly basis. These reports are also posted on the web portal.

**VIII. REPORT OF THE CHAIR:** Chair Woolley reports the following:
- Woolley will have a discussion with the council members next month to determine discussion items for the **October Housing Council Retreat**; namely, items/issues/goals for the Council to consider. She asked for the Council members to send these requests to her, so an agenda can be crafted.

**IX. FUTURE AGENDA ITEMS:**
- A. Future Funding Processes (September)
- B. Organizational Change/Strategy in preparation for the October retreat.

Chair Woolley adjourns the meeting at 11:45 a.m.

/s/ Jeana Woolley 09/21/12 /s/ Margaret S. Van Vliet 09/07/12
Jeana Woolley, Chair DATE Margaret S. Van Vliet, Director DATE
Oregon State Housing Council Oregon Housing & Community Services.