

# Oregon State Housing Council

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

## OREGON STATE HOUSING COUNCIL MEETING May 3, 2013 Meeting Minutes

### MEETING LOCATION:

#### **COUNCIL MEMBERS PARTICIPATED BY PHONE in lieu of physical meeting**

Phone Conference held in conference room 124b of the North Mall Office Building, 725 Summer Street NE, Salem, OR 97301

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### HOUSING COUNCIL

#### MEMBERS PRESENT

Jeana Woolley, Chair
Tammy Baney
Aubre Dickson
Mike Fieldman
Val Valfre

#### Member's Not Present

Mayra Arreola
Zee Koza

### GUESTS

#### NAME, ORGANIZATION

Doug Chrisman, Chrisman Development
Tony Chrisman, Chrisman Development
Shelly Cullin, Chrisman Development
Gina Leon, U.S. Bank
Tim Cox

### OHCS STAFF PRESENT

Margaret S. Van Vliet, Director
Julie Cody, Administrator, Program Delivery Division
Janna Graham, Loan Specialist
Heather Pate, Multi-family Section Manager
Teresa Pumala, Loan Specialist
Katherine Silva, Executive Assistant to the Director
Kim Travis, Community Engagement Manager
Debie Zitzelberger, Senior Loan Officer

- CALL TO ORDER:** Chair Woolley calls the May 3, 2013 meeting to order at 9:04 a.m.
- ROLL CALL:** Chair Woolley asks for roll call. **Present:** Tammy Baney, Aubre Dickson, Mike Fieldman, Adolph Val Valfre Jr. and Chair Jeana Woolley.
- APPROVAL OF MEETING MINUTES**
  - March 1, 2013 (Revised):**

Chair Woolley acknowledged that the March 1, 2013 minutes have been revised and asked that the council defer approval until the next meeting, so that additional edits may be made and council has time to review the minutes in final form. In the interim, Chair Woolley will work with OHCS staff to finalize the minutes prior to the next meeting.



b. **April 5, 2013:**

Chair Woolley asks if there are any corrections to the April 5th, 2013 meeting minutes. There being no corrections the motion was read:

**Motion:** Val Valfre moves that the Housing Council approve the April 5th, 2013 meeting minutes as written.

**Vote:** In a roll call vote the motion passes. Members present: Tammy Baney, Aubre Dickson, Mike Fieldman, Adolph Val Valfre Jr., and Chair Jeana Woolley.

3. **New Business**

*Crooked River Apartments, LLC*, Portfolio Financing Package Request.

**Debi Zitzelberger**, Senior Loan Officer in the Multifamily Finance and Resource Section presented this request before the council.

Zitzelberger spoke to this project stipulating a request for \$5,193,296 in Conduit bond proceeds for Crooked River Apartments, LLC. In addition to the Conduit bond request the applicant requested \$4,650,005 in Housing Preservation funds, \$206,800 in Low Income Weatherization funds and \$288,433 in annual allocation of 4% Low Income Housing Tax Credits.

Crooked River is an OHCS portfolio project consisting of three properties to be purchased under one ownership and under one financing package. Two properties are located in Madras, Madison Apartments and Willow Creek Apartments. And the third property is located in Redmond, Wintergreen Apartments. Collectively, these projects total 94 units of affordable rental housing. The acquisition and renovation of the three properties by Crooked River Apartments LLC will cure the deferred maintenance issues and extend the economic viability of the properties.

US Bank is both the bridge lender and purchaser of the bonds for the acquisition and renovations. At maturity of the bridge loan, the tax credit equity and Housing Preservation funds will be used to pay off the bridge loan; essentially paying off the bonds. Enterprise Community Investment, the tax credit investor, and US Bank have completed their underwriting and have received approval from their respective loan/credit committees without any substantive conditions.

Crooked River Apartments, LLC will assume the long-term permanent loan from USDA Rural Development (RD). The properties currently receive RD rental subsidy, which will continue with the acquisition and will increase the number of subsidized units upon renovation. Zitzelberger noted that this is nearly unprecedented.

RD has reviewed the assumption package and has approved it at the local level. The headquarters office has also approved the assumption. Next, RD will need to approve all closing conditions and assumption documents. Although it is unclear how long this piece will take, the financing team is working toward a bond sale closing of June 10th and the developer has the

projected target closing of June 13<sup>th</sup>. If RD is not ready to close the week of June 10<sup>th</sup>, the closing will be postponed to mid-July to accommodate the multiple calendaring conflicts.

The lender, investor and bond council have prepared advance copies of the financing documents, which have been circulated within RD's legal department in hopes of expediting the review process. Zitzelberger also noted that this step is nearly unprecedented and speaks to the caliber of the team working on this project.

The Management Agent Plan, Qualifications and Resident Services Plan was submitted by Viridian Management Inc. and approved by OHCS' Asset and Property Management Division without conditions.

Zitzelberger requested that the motions found on page 18 of the Housing Council packet be approved to allow for the acquisition and renovation of Madison Apartments, Willow Creek Apartments, and Wintergreen Apartments, collectively known as Crooked River Apartments.

Doug Chrisman, of Chrisman Development, expressed his appreciation for all of the help from the agency and excitement to be close to the closing date. Chrisman also thanked the council for their consideration.

**Val Valfre** commented that he saw no glaring problems with the plan as presented, and asked for clarification regarding two discrepancies he noticed in the report. Valfre pointed out that the report stated that the tenants would remain in their units and later refers to 2 of the buildings being completely vacant during renovation. Valfre asked if the buildings were currently vacant to accommodate that?

**Answer:** Doug Chrisman responded that there will be a temporary, less than 30-day, relocation of tenants. There is a relocation plan in place and the tenants will be compensated for the relocation.

**Val Valfre** also pointed out that the current zoning is listed as medical overlay. He asked whether the property houses a medical population that meets the zoning criteria?

**Answer:** Zitzelberger stated that she assumed that since the buildings have been in that location for a long period of time, that likely they are a pre-existing non-conforming use, but deferred to Doug Chrisman for more detail. Chrisman stated that the zoning is listed as medical overlay because the property is located close to the hospital but currently the project is a legal conforming use of the property.

**Valfre** asked whether it is anticipated that the 6.5% affordable vacancy indicated in the report for the Wintergreen will be an issue going forward without new construction.

**Answer:** Gina Leon, of US Bank, stated that they are comfortable with the 6.5% for a couple of reasons: there has been very little apartment development in the recent years; the Chrisman's renovations are of such quality that they will be competitive in this market; and this complex has previously had a waiting list

Doug Chrisman added that all locations for this project will have full-rental assistance and noted that another property of his, one block away from Wintergreen has had 95% percent occupancy. In his experience, rental assistance correlates with high occupancy.

Chair Woolley called for additional questions.

**Aubre Dickson**, asked whether the project rent shown in the report includes the rental subsidy?

**Answer:** Yes.

**Dickson** followed-up by inquiring if the investor thought about the subsidy layering issue and if there were any reserves over and above the standard 6 months for any potential revenue deficit?

**Answer:** Zitzelberger responded that subsidy layering has been done and no issues were found. She deferred to Chrisman regarding reserves; Chrisman stated that there are no reserves in addition to the traditional 6 month requirement.

**Dickson** asked if what the set aside is to ensure that they are meeting the targeted incomes and if they are all (all properties) at 60% MFI?

**Answer:** Chrisman answered yes, two properties are at 60, and the Madison site is at 50.

Dickson, satisfied that his questions had been answered deferred to Chair Woolley. Chair Woolley called for any additional comments or questions. There being none, a motion was read.

**Motion:** Tammy Baney moves that the housing council approve all 3 motions on page 18 of their packet, which would award \$5,193,296 in Conduit bond proceeds, \$4,650,005 in Housing Preservation funds, \$206,800 in Low Income Weatherization funds and \$288,433 in annual allocation of 4% Low Income Housing Tax Credits for Crooked River Apartments, LLC.

**Vote:** In a roll call vote the motion passes. Members present: Tammy Baney, Aubre Dickson, Mike Fieldman, Adolph Val Valfre Jr. and Chair Jeana Woolley.

Chair Woolley congratulated Doug Chrisman, Shelly Cullins and Gina Leon.

#### 4. REPORT OF THE DIRECTOR

- **Update on Materials for May 17<sup>th</sup>, Housing Council Meeting.** Director Van Vliet underscored that she and OHCS staff looking forward to the May 17<sup>th</sup> meeting. She made note that Val Valfre will not be in attendance on May 17<sup>th</sup> and wanted to ensure everyone that staff will work hard to get materials to him in advance to bring him up to speed on the QAP so he has a chance to reflect, make comments and ask questions prior to leaving the country.

Van Vliet reiterated that staff are fully committed to publishing the QAP and all of accompanying documents in time to allow for full week of review. More information will be forthcoming early next week. Julie Cody, Karen Tolvstad and the Director will be available for any questions prior to the May 17<sup>th</sup> meeting.

Chair Woolley ask the director, when do you think the council member packet be made available to council members?

Director Van Vliet responded that the packet will be available on May 10<sup>th</sup>, at which point we will also be publishing the supporting documents that provide additional context, but that do not require specific housing council approval.

Chair Woolley followed-up by inquiring about the draft NOFA. Asking specifically, even though the council does not need to approve it, will the NOFA document be in a redrafted form sufficient enough for the council to review it as it relates to the QAP?

Van Vliet informed council members that from a procurement point of view, OHCS has been advised not to publish any additional drafts of the NOFA. OHCS will be publishing the policy manual, the scoring criteria, and the methodology for receiving and scoring applications which provide the pertinent supporting information she believes council and interested community members are looking for.

Val Valfre asked when will the NOFA be presented to the public?

Director Van Vliet responded that the NOFA would be made available mid-June which coincides with the schedule previously published.

- **Upcoming Housing Council Meetings.** At the June 7th meeting, Director Van Vliet anticipates spending the bulk of the meeting on the transition process. She suggested to the council that Michael Jordan or Duke Shepard from the governor's office be invited to attend the June 7<sup>th</sup> meeting to give their perspective on the transition work and the importance of what OHCS is doing. In addition to Michael Jordan or Duke Shepard's presence at the June 7<sup>th</sup> meeting, there will be a presentation on asset management put on by the staff at Housing Development Center. They have been working on providing training on property and asset management approaches to non-profit entities. Having discussed the meeting schedule with Chair Woolley, Director Van Vliet recommended cancelling the July meeting. She advised housing council members that an approval may need to be done by phone if a project timeline requires it, but due to scheduling conflicts the regular meeting should be canceled.
- **Unused 2013 9% Tax Credits.** To follow up on disposition of the unused 9% tax credits, which was flagged at the April 5<sup>th</sup>, 2013 council meeting, Director Van Vliet stated that serious consideration had been given on how to award the remaining credits in a fair and justifiable way. Van Vliet advised the council that a decision had been made to

award the unused credits to the next two projects in line for funding. Council members unanimously agreed that this was a wise decision. The Director stated that the official announcement will be made by early the following week.

5. **Other**

Chair Woolley called for any additional comments or questions.

Val Valfre commented that he was able to watch Van Vliet's Ways and Means presentation to the joint-subcommittee. He asked if any feedback had been received, of note, which would be valuable to the council?

Director Van Vliet responded that the department has not received any comments to note as the Senator with particular interest, Betsy Johnson, was injured in a car accident and has been out. The director noted that she feels as though everyone is waiting for the upcoming revenue forecast to see what will happen with the big moving parts in the budget, like PERS.

6. **Report of the Chair**

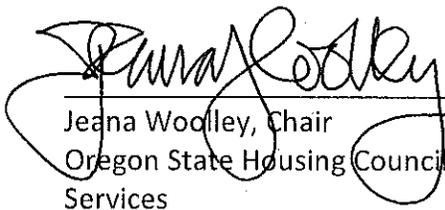
Chair Woolley acknowledged the diligent and creative work done by OHCS staff, particularly with regard to stakeholder engagement. Chair Woolley also advised the council that she will be meeting with Director Van Vliet periodically to keep housing council and OHCS aligned as the process moves forward. Tammy Baney acknowledged Chair Woolley for taking on this extra work on behalf of the council members and thanked her for the proactive steps she is taking to keep everyone on track.

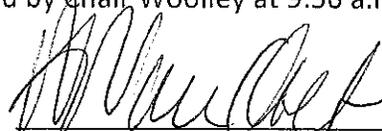
Chair Woolley along with the housing council members thanked and encouraged OHCS staff to keep up the good work.

Tammy Baney also thanked OHCS staff mentioning how tremendous the CFC redesign work load is in the midst of a busy legislative session and while working through the transition planning effort. She encouraged staff to keep up the good work.

Mike Fieldman, Aubre Dickson and Val Valfre reiterated Chair Woolley and Tammy Baney's sentiments.

With no other business, the meeting was adjourned by Chair Woolley at 9:56 a.m.

 5/17/13  
Jeana Woolley, Chair DATE  
Oregon State Housing Council  
Services

 5-17-13  
Margaret S. Van Vliet, Director DATE  
Oregon Housing and Community

