OREGON STATE HOUSING COUNCIL

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

MEETING MATERIALS PACKET

Blue Springs Crossing
Island City, Oregon

Meeting Details

Date:	September 11, 2015
Time:	9:00 a.m.
Location:	OHCS Conference Room 124a/b, North Mall Office Building, 725 Summer Street NE, Suite B Salem, OR 97301
Call-In: **Participant Code:**	1-877-273-4202; 4978330

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AGENDA

Date: September 11, 2015
Time: 9:00 a.m.
Location: Oregon Housing and Community Services; Conference Room 124a/b
North Mall Office Building, 725 Summer Street NE, Suite B,
Salem, Oregon 97301
Call-In: 1-877-273-4202; Room Number: 4978330

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1. Roll Call

2. Public Comment

3. Draft Meeting Minutes for Approval
   a. *July 17, 2015*

4. Residential Loan Program Consent Calendar –***Kim Freeman****, Single Family Section Manager*
   a. *100 Deborah Drive Talent, OR 97540*
   b. *6400 SW Evelyn Street Portland, OR 97219*
   c. *2400 SW Valleyview Drive Redmond, OR 97756*

5. Meyer Memorial Trust Cost Efficiencies Workgroup Draft Report – ***Julie Cody****, Assistant Director, Housing Finance*, ***Michael Parkhust****, Meyer Memorial Trust*; ***Jill Sherman****, Gerding Edlen Development;* and ***Gina Leon****, US Bank*

6. CSBG State Plan Application Overview –***Claire Seguin****, Assistant Director, Housing Stabilization*

7. Legislatively Approved Budget Overview –***Caleb Yant****, CFO*

8. Forward Allocation Framework Update–***Caleb Yant****, CFO*

9. 2016 QAP Process Update and Discussion – ***Julie Cody****, Assistant Director, Housing Finance*

10. Report of the Director

11. Report of the Chair

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JULY 17, 2015 | MEETING MINUTES [DRAFT]

Housing Council Member Attendance	
Present	Not Present
Aubre Dickson, Chair	Tammy Baney
Marissa Madrigal	
Mayra Arreola	
Mike Fieldman	
Val Valfre	
Zee Koza (by phone)	

Call to Order and Roll Call

Chair Dickson called the July 17, 2015 meeting to order at 9:04 a.m. and asked for a roll call. The present members included: Chair Aubre Dickson, Mayra Arreola, Marissa Madrigal, Val Valfre, Mike Fieldman, and Zee Koza by phone. Tammy Baney was absent.

Public Comment

Chair Dickson opened the floor to anyone wishing to make a public comment.

- Josephine Co

Josephine Co provided comments regarding The Oaks, a housing project submitted for consideration and possible funding award in the 2015 NOFA. Co advised Council members that the June meeting minutes did not capture what she wanted to say on the record. Co restated her comment from the June meeting requesting that the Council find an alternate location for this project; or if another location is not chosen, then Co requested that the project not be funded. Co further advised Council members that she recently discovered an 8th school, Willamette Christian School, is now against building this project.

Co explained that The Oaks project causes concern for the safety of children in the area. Many individuals have stated to Co that they will be moving out of the nearby neighborhoods to protect their children and that many worry the increase in population within such a small area will lead to an outbreak of infectious diseases.

Chair Dickson thanked Co for her comments.

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Chair Dickson added that he's been made aware of additional community outreach planned by HACSA and Sponsors to educate the community about the project to collaboratively problem-solve and to address concerns..

- Mary McCulloch

Mary McCulloch, a resident in the Eugene area, provided public comment related to The Oaks project. McCulloch stated that her daughter had been attacked in her home 12-years ago and that there were many negative ramifications stemming from this incident. McCulloch made reference to various heinous crimes already being committed in the area, including theft and rape, making this project a bad addition to the neighborhood. McCulloch requested that the city buy back the land and build the project at another location to avoid further crime resulting from the project. It is her belief that there are other viable locations.

- Maxine Fitzpatrick

Maxine Fitzpatrick, Executive Director of Portland Community Reinvestment Initiative (PCRI) introduced herself. She stated that she was joined by a member of PCRI's Board of Directors, Kathy Swift. Fitzpatrick explained her intent was to address the recommendation by Oregon Housing and Community Services (OHCS) to not fund Kafoury Court Senior Apartments. This project was proposed by PCRI for finding in the 2015 NOFA. She and the Board of Directors of PCRI disagreed strongly with the decision to not fund the project.

Kafoury Court emerged as a priority to PCRI in 2012 when an article in *Portland Monthly* caught Fitzpatrick's eye. In the article, a woman named Mary Grace was displaced from her home due to rising rents. She was forced to relocate to Beaverton where the rent was cheaper. Grace still attended her previous church to maintain the deep ties she had to her community.

Fitzpatrick explained that this type of story is not uncommon for the 10,000 African-Americans who have been displaced from their homes in North and Northeast Portland. The likely residents for Kafoury Court will be aging veterans who have not been able to find housing affordable to them.

The complex would provide 42 critically needed affordable apartments for low-income seniors and veterans. The property, owned by PCRI since 1992, is located one block from medical services, frequent bus lines, and a short distance from the Multicultural Senior Center. Kafoury Court will allow seniors to remain in or return to their original neighborhoods and be connected once again to their community.

Supportive partnerships with the Urban League of Portland and the Community Resource and Referral Center of the Veteran Affairs Portland Healthcare System will provide culturally-specific services for residents as described in PCRI's application. The project addresses the unmet housing needs of African-American seniors, veterans, and others who have been displaced due to not enough affordable housing. Despite these facts, the program was not recommended for funding.

Fitzpatrick expressed the need to change the OHCS funding system. It is her belief that the system perpetuated inequitable outcomes for people of color. The OHCS 2014 Strategic Planning documents

declare a goal to overcome disparities based on race, ethnicity, history of poverty, and geography. Fitzpatrick has observed that the OHCS NOFA funding system does not reflect these values as is shown by the decision not to fund Kafoury Court.

PCRI is asking that Kafoury Court be funded this round and that the policies that lead to inequitable and unequal outcomes be revisited and revamped to comply with the state's equity goals.

Chair Dickson and Council members thanked Fitzpatrick for her comments.

With no further comments, Chair Dickson moved to the next agenda item.

Draft Meeting Minutes for Approval

- *June 5, 2015*

Chair Dickson asked Council members for any comments, additions, or corrections to the draft June 5, 2015 meeting minutes.

Council members agreed to approve the minutes without further revision. Chair Dickson requested a motion.

The motion was read:
Motion: Mike Fieldman moved and Val Valfre seconded that the Housing Council approve the June 5, 2015 meeting minutes without additional edits.

Vote: In a roll call vote the motion passed without dissent.

Update on Columbia Knoll Apartments

Ryan Miller, Asset Management and Compliance Manager with Oregon Housing and Community Services introduced himself. He then introduced Brian Park, Chairman of Independent Living Ventures who would represent Columbia Knoll Apartments.

Miller explained that the purpose of the presentation was to follow up on the property Columbia Knoll. In July of 2014, the Housing Council approved the reissuance of Pass-through Revenue Bond financing to Columbia Knoll for the debt restructure of the Columbia Knoll Apartments project.

Columbia Knoll is a 326 unit apartment project encompassing 280 units of senior housing, at The Heights and 118 family units, at The Terrace. This LIHTC, Conduit and Weatherization property was placed in service in 2006. At the time of the reissuance, The Heights had several compliance issues and incidents of high-vacancy rates resulting in the property defaulting with the lender. OHCS agreed to provide the Council with progress updates regarding compliance every six-months, as a condition of approval for bond reissuance. In January, Council members were provided with the first, six-month update. Miller reported that the annual physical and file inspection conducted at Columbia Knoll on October 30th, 2014, showed that most compliance concerns had been resolved. s done at Columbia Knoll on October 30th, 2014

The following items continue to be in good standing: unit turnovers are completed in a timely manner, correct rents are charged, reporting and communication has been timely, and tenant complaints have ceased. A resident survey was conducted in June with very positive results. Miller is recommending discontinuation of the six month check-in with the state Housing Council due to improved property performance.

Monthly vacancy information on The Heights will continue to be evaluated as well as the 2015 audited finances. The debt coverage will continue to be monitored until it reaches as acceptable level. The OHCS Asset Manager will follow up on the completion of the exterior painting and monitoring financial stability. Required benchmarks for the guarantor to exit as part of the original plan will also be monitored. Miller then passed the proceedings over to Brian Park.

Park explained that some of the physical improvements included pressure washing, siding, roof, cleaning, parking lot, tree trimming, elevator, floors, replacing vinyl, and carpet replacements. They also utilized TV advertising which was very effective. Improving food quality with an emphasis on local and freshly prepared meals improved occupant's comments greatly. By partnering with senior centers for joint activities there have been improved community relations.

- <u>Questions/Discussion:</u>

Val Valfre mentioned that in 2014 the Council had legitimate concerns which included long term sustainability. He is very encouraged by the project due to the turn around that has taken place.

Mike Fieldman agreed with Valfre's statement.

Chair Dickson then asked if there are still any outstanding requirements that haven't been met but are currently being addressed.

Miller responded that everything is currently in compliance. He goes on to explain that a lot of the compliance items from last year were from the previous management company.

Chair Dickson followed up by asking where the project is in regards to debt service coverage.

Park replied that due to the year being at the midpoint, financial statements aren't completed. They do know the results are positive and that no financial support has been provided to the property. The property has been self-sufficient for the last nine months.

Chair Dickson then requested that one more update take place after the audit to provide Council members with an overview of any audit findings.

With no further comments, Chair Dickson moved to the next agenda item.

<u>2015 NOFA Offerings, Progress Update</u>

Julie Cody, OHCS Assistant Director of Housing Finance introduced herself and provided Council members with an overview of the 2015 multi-family funding opportunities, mentioning that OHCS has four NOFAs currently open.

The Gap Financing NOFA, released on June 23rd, will close on September 4th. This opportunity is focused on small, multifamily housing projects with less than 35 units, including group homes serving special needs populations. To-date, no applications have been received, but Cody assured the Council that applications are not expected until closer to the closing date.

The Veteran's Supportive Housing NOFA, relaeased on May 26th, will close August 21st. This NOFA will provide funding for creative and innovative veteran's housing pilot programs that include appropriate services for the target population. To-date, no applications have been received.

The Manufactured Home Park Preservation NOFA, released on May 11th, will remain open until the funding has been awarded or December 31, 2015. Funding is allocated on a first-come, first-serve, non-competitive basis. To-date, OHCS has received one application.

The Multifamily Weatherization RFA, released on June 19th, will close July 23rd. To-date, no applications have been received.

Julie called for any questions from the Council; there being none, Chair Dickson transitioned to the staff presentation of the 2015 NOFA award recommendations.

2015 Notice of Funding Availability (NOFA) Award Recommendations

Director Van Vliet began by clarifying that these recommendations come from her as the agency director to the Council for approval. Van Vliet added that her recommendations are based on the recommendations of the scoring committee, and the internal threshold-analysis of the applications submitted. The staff presentation given by Julie Cody, Heather Pate, and Natasha Detweiler will highlight the applications received and funding decisions and will hopefully answer any questions about the individual projects. Director Van Vliet then turned the presentation over to Julie Cody.

Process Overview

Julie Cody, Assistant Director of Housing Finance introduced herself, Heather Pate, section manager for Multifamily Housing Finance, and Natasha Detweiler, Housing Finance Operations and Policy Analyst and provided an overview of the NOFA process and project scoring methodology used by the scoring committee to rank project applications recommended for approval.

Cody advised Council members that, due to their experience and professional roles, any conflict of interest (real or perceived) would need to be announced at the start of the project presentation, the Council member would need to refrain from participating in the discussion and recuse themselves from voting on that particular project.

Applications Received

Heather Pate advised Council members that two projects applied for funding in the HOME NOFA, both are being recommended for funding, one is a preservation project. The Department received 28 applications for the LIHTC NOFA; 11 of the 28 applications are recommended for Council approval, three of the 11 are preservation projects. Pate then turned the meeting over to Natasha Detweiler.

Detweiler started with the projects recommended for Statewide HOME allocations.

> Note: the OHCS staff PowerPoint presentation and detailed descriptions of all recommended projects can be found under the July 17th, 2015 Meeting Materials on the State Housing Council website.

The 2015 NOFA funding recommendations were presented to the Council, broken out by region; listed below are the recommended projects and related public comment provided during the meeting, if any.

2015 HOME NOFA – Statewide

> Note: Specific Project details can be found in the 2015 NOFA Project Summaries. The recommended projects presented to Council members for their review and consideration are listed below in addition to any public comment provided and questions presented during the meeting.

- Garden City

Tony Penrose, OHCS loan officer introduced himself and Roberto Jimenez, Executive Director of Farmworker Housing Development Corporation and presented an overview of Garden City Apartments. The project overview can be found in the meeting packet on page 15.

Questions/Discussion

With no questions or comments, Chair Dickson requested a motion.

Motion

Val Valfre moved and Marissa Madrigal seconded that the Council approve a HOME Loan Reservation in an amount up to $1,267,281 to Farmworker Housing Development Corporation for the new construction of Garden City Apartments, located in the City of Silverton, Marion County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.

Vote

In a roll call vote the motion passed without dissent.

- Rio Vista

Phil Richard, OHCS loan officer introduced himself and Rose Ojeda, Housing Development Consultant of CASA and presented an overview of Rio Vista. The project overview can be found in the meeting packet on page 17.

Questions/Discussion
With no questions or comments, Chair Dickson requested a motion.

Motion
Mayra Arreola moved and Val Valfre seconded that the Council approve a Reservation for the following: A General Housing Account grant in an amount up to $500,000, an HOME grant or loan in an amount up to $1,621,666 and an allocation of up to $1,919,355 in Agricultural Worker Housing Tax Credits to Housing Authority of Malheur County for the rehabilitation of Rio Vista Apartments, located in the City of Nyssa, Malheur County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.

Vote
In a roll call vote the motion passed without dissent.

2015 LIHTC NOFA Recommendations
Natasha Detweiler, the Housing Finance Operations and Policy Analyst began the LIHTC NOFA portion of the presentation. Staff presented information regarding applications received for the 2015 LIHTC NOFA and made award recommendations by region for Council member consideration and approval.

LIHTC – Balance of State

Note: Specific Project details can be found in the 2015 NOFA Project Summaries. The recommended projects presented to Council members for their review and consideration are listed below in addition to any public comment provided and questions presented during the meeting.

- Big Valley

Joyce Robertson, OHCS loan officer introduced herself, Doug Chrisman and Shelly Cullin of Chrisman Development and presented an overview of Big Valley Apartments. The project overview can be found in the meeting packet on page 19.

Questions/Discussion
Val Valfre commented that he was pleased to see the preservation but he was concerned by the indication, in the presentation materials, that tenants may still be rent burdened.
Shelly Cullin explained that the median income displayed in the presentation will be in the land-use restrictions. Rural Development projects have rental assistance which will be paid so that the tenants themselves do not pay more than thirty percent of their income.

Val Valfre pointed out that there was quite a list of agencies under the resident services and committed partnerships section. He asked if there is a written commitment between these agencies?

Cullin replied that they have an informal memorandum of understanding in place.

Valfre mentioned that UCAN was on the list and asked who the contact was?

Cullin answered that Josh Herman is the contact and advised their office will speak with the agencies once funding has been approved.

With no further questions or comments, Chair Dickson requested a motion.

Motion
Marissa Madrigal moved and Val Valfre seconded that the Council approve General Housing Account Program grant reservation in an amount up to $500,000 and a Low-Income Weatherization grant reservation in an amount up to $110,000 to Chrisman Development for the acquisition and rehabilitation of Big Valley Apartments, located in the Cities of Sutherlin, Douglas County, Oregon and Jacksonville, Jackson County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.

Vote
In a roll call vote the motion passed without dissent.

- Cook Crossing/Brentwood

Tony Penrose, OHCS loan officer introduced himself and Tom Kemper, Executive Director of Housing Works and presented an overview of Cook Crossing/Brentwood. The project overview can be found in the meeting packet on page 21.

Questions/Discussion
Mike Fieldman commented that he very much liked the integration, the project, and the mixed-use with the clinic. He believed the project was well thought out.

With no further questions or comments, Chair Dickson requested a motion.

Motion
Mayra Arreola moved and Marissa Madrigal seconded that the Council approve a GHAP Loan or Grant reservation in an amount up to $500,000 to Housing Works for the new construction of Cook Crossing and the Acquisition/Rehabilitation of Brentwood Manor, located in the City of Redmond, Deschutes County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.

Vote
In a roll call vote the motion passed without dissent.

- Mountain Vista

Tony Penrose, OHCS loan officer introduced himself and Paul Johnson, General Partner of Cascade Management and presented an overview of Mountain Vista Apartments. The project overview can be found in the meeting packet on page 24.

Questions/Discussion
With no questions or comments, Chair Dickson requested a motion.

Motion
Mike Fieldman moved and Val Valfre seconded that the Council approve a HOME Loan reservation in an amount up to $808,916 to Cascade MV Development Partners LP for the new construction of Mountain Vista Apartments, located in the City of Medford, Jackson County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.

Vote
In a roll call vote the motion passed without dissent.

- Patriot Station

Tony Penrose, OHCS loan officer introduced himself and Riley Pierce, the project developer and presented an overview of Patriot Station. The project overview can be found in the meeting packet on page 26.

Questions/Discussion
Mike Fieldman asked that the resident services line item be expanded on.

Riley Pierce explained that the resident services item is included in the operating budget. There is a resident services coordinator and a three-person program managed by the Housing Authority. They provide resident services, money management program, healthy eating, and several different programs. Veteran Affairs does their own case management for the veterans who will also have access to the resident services provided by the Housing Authority.

With no further questions or comments, Chair Dickson requested a motion.

Motion
Mike Fieldman motioned and Val Valfre seconded that the Council approve a HOME Loan reservation in an amount up to $750,000 to Housing Authority of Jackson County for the new construction of Patriot Station, located in the City of White City, Jackson County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.

Vote
In a roll call vote the motion passed without dissent.

LIHTC – Metro
Specific Project details can be found in the 2015 NOFA Project Summaries. The recommended projects presented to Council members for their review and consideration are listed below in addition to any public comment provided and questions presented during the meeting.

Natasha Detweiler, the Housing Finance Operations and Policy Analyst explained that within the Metro region, ten applications had been submitted. Four of the ten applications are being recommended for funding.

- Bridge Meadows

Joyce Robertson, OHCS loan officer introduced herself and Derenda Schubert on behalf of the Board of Directors of Bridge Meadows, and Ross Cornelius from Walsh Construction and presented an overview of Bridge Meadows. The project overview can be found in the meeting packet on page 28.

Questions/Discussion

Mike Fieldman commented that he remembered going to the groundbreaking of the first project that was done by this group and how exciting and impressive it was.

Chair Dickson agreed with Fieldman's statement.

With no further questions or comments, Chair Dickson requested a motion.

Motion

Mike Fieldman moved and Marissa Madrigal seconded that the Council approve a General Housing Account Program grant reservation in an amount up to $500,000 and a Low Income Weatherization grant reservation in an amount up to $30,165 to Bridge Meadows for the New Construction of Bridge Meadows, located in the City of Beaverton, Washington County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.

Vote

Mayra Arreola and Val Valfre abstained from voting. In a roll call vote the motion passed without dissent.

- Garlington Housing

Phil Richard, OHCS loan officer introduced himself and Jim Hlava, Vice President of Counseling for Cascadia Behavioral Healthcare and presented an overview of Garlington Housing. The project overview can be found in the meeting packet on page 31.

Questions/Discussion

With no questions or comments, Chair Dickson requested a motion.

Motion

Val Valfre moved and Mike Fieldman seconded that the Council approve a reservation for the following: A General Housing Account Program (GHAP) grant in an amount up to $500,000 and a Weatherization grant in the amount of up to 131,873 to Cascadia Behavioral Healthcare for the rehabilitation of Garlington Housing, located in the City of Portland, Multnomah County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.

Vote

Chair Dickson and Marissa Madrigal abstained from voting. In a roll call vote the motion passed without dissent.

- Rondel Court

Phil Richards, OHCS loan officer introduced himself and Dustin Ferdun, Director of Project Finance for the Housing Development Center, and Trell Anderson, Director of Community Development and Housing for Caritas and presented an overview of Rondel Court. The project overview can be found in the meeting packet on page 34.

Questions/Discussion
Marissa Madrigal asked if all of the units are occupied and if so, how will the transition take place as the units are renovated?

Dustin Ferdun responded that all of the units are occupied and they have a relocation specialist with plenty of experience.

With no questions or comments, Chair Dickson requested a motion.

Motion
Marissa Madrigal moved and Val Valfre seconded that the Council approve a reservation of the following funds: An HDGP grant in an amount of up to $500,000, a Weatherization Grant up to $61,257, an allocation of up to $802,739 in LIHTC tax credits and allocation of up to $475,000 in OAHTC tax credits to Caritas Community Housing Corporation for the Rehabilitation and New Construction of Rondel Court Apartments, located in the City of Molalla, Marion County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.

Vote
In a roll call vote the motion passed without dissent.

- Hawthorne East

Phil Richard, OHCS loan officer introduced himself and Christopher Hulette with Northwest Housing Alternatives Inc. and presented an overview of Hawthorne East Apartments. The project overview can be found in the meeting packet on page 37.

Questions/Discussion
Marissa Madrigal asked how the matter is addressed if something goes wrong in underwriting.

Heather Pate responded that any changes to the project stemming from an issue in underwriting will go before the Finance Committee; if more funds are needed, the project will come back to the Housing Council for approval.

With no questions or comments, Chair Dickson requested a motion.

Motion
Marissa Madrigal moved and Mayra Arreola seconded that the Council approve GHAP Loan or grant reservation in an amount up to $360,338, and a Low-Income Weatherization grant reservation up to $209,669 to Northwest Housing Alternatives Inc. for the Rehabilitation of Hawthorne East, located in the City of Portland, Multnomah County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.

Vote
In a roll call vote the motion passed without dissent.

LIHTC – Non-Metro PJ
Natasha Detweiler, the Housing Finance Operations and Policy Analyst explained that within the Non-Metro PJ region, three applications had been submitted, all three are being recommended.

- Capital Plaza

Mike McHam, OHCS loan officer introduced himself and Jeremy Leckie, President of RPH Corporation and presented an overview of Capital Plaza. The project overview can be found in the meeting packet on page 40.

Questions/Discussion

With no questions or comments, Chair Dickson requested a motion.

Motion
Val Valfre moved and Mike Fieldman seconded that the Council approve a GHAP grant reservation in an amount up to $500,000, and a Low-Income Weatherization grant reservation up to $161,012 to RPH Corporation for the rehabilitation of Capitol Plaza Apartments, located in the City of Salem, Marion County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.

Vote
In a roll call vote the motion passed without dissent.

- The Oaks at 14th

Mike McHam, OHCS loan officer introduced himself and Jacob Fox, Executive Director of Housing and Community Services Agency in Lane County, and Paul Solomon, Executive Director of Sponsors and presented an overview of The Oaks at 14th. The project overview can be found in the meeting packet on page 42.

Questions/Discussion
Marissa Madrigal expressed her gratitude for this project being put together. Within Multnomah County it has become apparent that wrapping services around individuals coming out of prison and jail is crucial to reducing crime and improving the likelihood of people not reoffending.

Mike Fieldman agreed with Madrigal that stable housing is very beneficial in the transition for those who were incarcerated.

Chair Dickson suggested the speakers discuss what changes have taken place based on the concerns of those in the area.

Jacob Fox noted that they had started meeting neighbors in the area in early 2015. One of the changes that took place was the populations that will be served at the facility. There were also significant design changes as a result of the communities input. While there are still individuals against the project, many others are showing positive support. There will be a commitment to a monthly forum with a Resident Advisory Committee, made up of 15 members(four or five of which will be individuals from the neighborhood).

Paul Solomon added that the project has greatly been supported by the vast majority of elected officials. There will be a very strict screening process for all those entering the project. Parole and probation officers will be on site at all times. Previous facilities have been very successful, which should hopefully alleviate much of the concern people have.

With no further questions or comments, Chair Dickson requested a motion.

Motion
Marissa Madrigal moved and Mike Fieldman seconded that the Council approve a GHAP grant reservation in an amount up to $500,000 to Housing and Community Services Agency of Lane County (HACSA) for the new construction of Oaks at 14th Apartments, located in the City of Eugene, Lane County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.

Vote
In a roll call vote the motion passed without dissent.

- Seavey Meadows 3

Mike McHam, OHCS loan officer introduced himself and Garrick Harmel, Director of Housing Development of Willamette Neighborhood Housing Services and presented an overview of Seavey Meadows 3. The project overview can be found in the meeting packet on page 45.

Questions/Discussion
With no questions or comments, Chair Dickson requested a motion.

Motion
Mike Fieldman moved and Val Valfre seconded that the Council approve a GHAP Loan or grant reservation in an amount up to $500,000 and a Low-Income Weatherization grant reservation up to $27,585 to Willamette Neighborhood Housing Services for the new construction of Seavey Meadows 3, located in the City of Corvallis, Benton County, Oregon. Reservation is contingent on meeting all program requirements and conditions of the Reservation.

Vote
In a roll call vote the motion passed without dissent.

Public Comment

- Trell Anderson

Trell Anderson, Director of Community Development and Housing for Caritas introduced himself and provided Council members with his comments regarding resident services and the relationship it has with the operating budget in each of the projects.

Anderson has noticed that during the beginning stages of negotiation for a project, resident services are an important factor. As investors and lenders are brought in, resident services are negotiated out of the deal. This leaves the property in a precarious position. Support services assist with the health and the wellbeing of the property.

The level of resident services varies based on the type of population within a property. The more children living at a property, the more youth oriented services that are needed.

Anderson wishes to foster a discussion about what is allowed and to make sure that resident services aren't removed from the deal during negotiations.

- Questions/Discussion:

Chair Dickson commented that this is one of the many topics that have been discussed previously. The Council is trying to figure how what accurate services are and how to still be within the fiduciary responsibility of serving a number of projects. The Council is aware of the limited resources to do resident services. The next challenge is determining how to generate more resources for the level of resident services that they want to see in the projects.

- Jim Moorefield

Jim Moorefield, Executive Director for Willamette Neighborhood Housing Services introduced himself. The Housing Council approved Seavey Meadows 3, a 13 unit project that will house Veterans, and is a small tax credit project developed by Willamette Neighborhood Housing Services.

The reason the project is utilizing tax credits on a small project is due to the reduction in HOME funds in the last 5 years. The allocation in the city of Corvallis this year is $220,000. This amount does not fill the gaps that are commonly experienced, particularly when it is the hope to make a project debt free.

There is a 50% cut in HOME funds since 2010, now a 93% cut is being recommended. A HOME Coalition has been formed to allocate for the restoration of these fund. If a small amount of funds is available nationwide in the HOME Investment Program, then Oregon's allocation wouldn't be substantial enough.

- Questions/Discussion:

Mike Fieldman asked if there is representation from the people in Oregon in the HOME Coalition?

Moorefield responded that he does not know about representations. He is aware that it's the national housing organizations that are forming the coalition.

With no further comments, Chair Dickson moved to the next agenda item.

Legislative Session Wrap-up

Director Van Vliet stated that the 17 sponsors that were not recommended for funding in this process, have all been offered an opportunity to have a debrief to go through their application. This would provide the opportunity for applicants to understand where points were lost. This will provide helpful feedback to sponsors and is a chance to hear from the sponsors about their perspective about their process.

Director Van Vliet then turned the meeting over to Rem Nivens, OHCS Assistant Director, and Alison McIntosh, OHCS Public Affairs Liaison.

Nivens began by stating that the legislative session was a great success. OHCS is very excited about the money coming through for affordable and metal health housing. All policy bills made it through, this included House Bill 2442. There were bills from other agencies that impact OHCS that will be tracked and participated in.

McIntosh agreed with Nivens in that it was a great legislative session. She then added that there are other affordable housing bills that were not listed on the summary provided to Council members and that she is happy to provide summaries on those if need be.

- Questions/Discussion:

Mayra Arreola asked if the report resulting from Senate Bill 444 is new or if it has been required in the past.

Director Van Vliet explained that the report is new. Legislators have been interested in having agencies align their work and think about outcomes together. The idea of keeping people stably housed who might otherwise be at risk of losing their housing takes a toll on other parts of the system, such as the health system or the human services system. Senate Bill 444 was trying to have agencies work more collaboratively and intentionally together.

Mike Fieldman asked if the 40 million and the bonds are still focused on woman with children or if the motivation has broadened.

McIntosh responded that families with kids are still the main focus. There may still be some discussion in February 2016 on the topic, but at the current time it is based around low-income families with children.

Val Valfre applauded the steps taken this year by OHCS and he looks forward to the next session.

Chair Dickson asked about the status of the comprehensive state housing plan.

Director Van Vliet responded that it will show on the agenda projections where the agency will come back with the input and feedback from the stakeholder meetings and the statewide needs assessment and market analysis.

Chair Dickson inquired if the definition of housing stability has been formalized now that House Bill 2442 has passed.

Director Van Vliet explained that no work has been done.

Report of the Director

Director Van Vliet advised Council members that that the LIFT subcommittee charters have been provided to the Council members for their review and feedback. Once charters have been finalized, the Van Vliet will reach out to subcommittee members to get the first meetings scheduled. The Director reminded Council members that the August meeting has been cancelled; the next meeting will take place on September 11th.

Report of the Chair

Chair Dickson mentioned his participation on the NOFA scoring committee in the past and shared his sentiment that it is always tough to say "no" more often than "yes" to projects, but it is encouraging to have an agency that is so open and transparent. He looks forward to seeing what develops from the work to come.

Marissa Madrigal expressed her eagerness to discuss the issue of equity and desperate impact on families and people of color all over the state. The topic needs to be a focus and there needs to be a way to treat those populations fairly.

Director Van Vliet confirms that the discussions regarding equity will take place.

Mike Fieldman echoed Madrigal's eagerness to address the issues of equity and finding ways to change the decision making process.

Val Valfre was pleased to see the diversity of the projects presented. He found the project in Lane County to be very informative. Valfre understands the concerns about Roosevelt Crossing but believes it is a strong project that will last.

With no further business the meeting was adjourned at 12:00 p.m.

	2015		2015
Aubre Dickson, Chair	Date	Margaret S. Van Vliet, Director	Date
Oregon State Housing Council		Oregon Housing and Community Services	

Oregon
Governor Kate Brown

Housing and Community Services
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Salem, OR 97301-1266
PHONE: (503) 986-2000
FAX: (503) 986-2020
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www.ohcs.oregon.gov

Date: 8/21/2015

To: State Housing Council

From: Kim Freeman, Single Family Section Manager

Re: Residential Loan Program

Background: State statutes require the State Housing Council to establish a single family loan threshold for loans to be review and approved prior to purchase. The current threshold for single family loans includes all loans equal to or greater than 75% of the applicable area program purchase price limit, or $190,000, whichever is greater.

Considerations:

1. The loan(s) under consideration is greater than or equal to 75% of the applicable area program purchase or $190,000, whichever is greater.

2. Staff has reviewed all of the following loan files and concluded that the borrowers and properties meet all relevant program guidelines for the Residential Loan Program. All required documents have been properly executed, received, and the loans have been approved for purchase. In addition to being approved by staff, the loan files have been underwritten by the applicable lenders and are insured by either FHA (FB), Rural Development (RG), or Uninsured (U) with a loan-to-value of 80% or less.

	Loan Amount	Purchase Price Limit	75% of Purchase Price Limit or Max	Monthly Mortgage Payment
Loan #1	$207,200.00	$266,706.00 Non-Targeted Jackson County	$200,029.00	$1179.31
Loan #2	$270,019.00	$345,731.00 Non-Targeted Multnomah County	$259,298.00	$1,728.74
Loan #3	$245,471.00	$291,951.00 Non-Targeted Deschutes County	$218,963.00	$1698.95

Recommended Motion: State Housing Council approves the Consent Calendar

Data Classification: 3

1	Borrower	Lender	UMPQUA BANK		
	Co-Borrower	Purchase Price	259,000.00	Note Amount	207,200.00
Property Address	100 BLOCK DEBORAH DR	Cost Limit	266,706.00	Principal Balance	$ 207,200
	TALENT OR 97540	Appr. Value	$ 261,000		
		Year Built	2004		
Hshld. Income	$ 57,467	Living Area (Sq. Ft.)	1,064	Loan-to-Value	80%
Income Limit	$ 63,480	Lot Size (Sq. Ft.)	6,189	Insurance Type	U
% of Income Limit	90.53%	Cost per Sq. Ft.	$ 243.42	Rate	3.250%
Prior Ownership Yes (Y) or No (N)	N	New (N) or Existing (E)	E		
		Construction Style	One Story		

2	Borrower	Lender	HOMESTREET BANK		
	Co-Borrower	Purchase Price	275,000.00	Note Amount	270,019.00
Property Address	6400 BLOCK SW EVELYN ST	Cost Limit	354,375.00	Principal Balance	$ 270,019
	PORTLAND OR 97219	Appr. Value	$ 275,000		
		Year Built	1952		
Hshld. Income	$ 60,933	Living Area (Sq. Ft.)	1,452	Loan-to-Value	97%
Income Limit		Lot Size (Sq. Ft.)	6,660	Insurance Type	FB
% of Income Limit		Cost per Sq. Ft.	$ 189.39	Rate	3.250%
Prior Ownership Yes (Y) or No (N)	N	New (N) or Existing (E)	E		
		Construction Style	One Story		

3	Borrower	Lender	IMORTGAGE		
	Co-Borrower	Purchase Price	250,000.00	Note Amount	245,471.00
Property Address	2400 BLOCK SW VALLEYVIEW DR	Cost Limit	291,951.00	Principal Balance	$ 245,471
	REDMOND OR 97756	Appr. Value	$ 265,000		
		Year Built	1995		
Hshld. Income	$ 83,747	Living Area (Sq. Ft.)	1,913	Loan-to-Value	97%
Income Limit	$ 85,175	Lot Size (Sq. Ft.)	7,841	Insurance Type	FB
% of Income Limit	98.32%	Cost per Sq. Ft.	$ 130.68	Rate	3.750%
Prior Ownership Yes (Y) or No (N)	N	New (N) or Existing (E)	E		
		Construction Style	Two Story		

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September 11, 2015

To: Oregon State Housing Council
Margaret S. Van Vliet, Director

From: Claire Seguin, Assistant Director of Housing Stabilization

Re: Community Services Block Grant (CSBG) 2015 State Plan

Federal Agency:
Office of Community Services, U.S. Department of Health and Human Services

Purpose:
The CSBG State Plan is the funding application submitted annually to the Office of Community Services. Ninety percent of the funds received are distributed by formula to the community action agencies (CAAs) in the state of Oregon. Oregon Housing and Community Services (OHCS) retains five percent of the funds for administrative usage and five percent for discretionary usage, as permitted by statute. The annual award to Oregon is typically around $5,000,000, though there have been funding reductions in the last five years, causing this number to fluctuate. By statute, the CSBG State Plan must undergo a public hearing and be submitted by September 1.

The State Plan addresses many aspects of the CSBG program. However, the primary areas of the plan are:

- Eligible entities (CAAs) and usage of funds
- State's usage of discretionary funds
- State and CAAs' linkages and partnerships
- State's services delivery system
- Training and technical assistance plan
- Monitoring, corrective action and designation processes
- CSBG IS-Survey: ROMA and national performance indicators
- Statutory assurances

This year is the first year for states to enter the State Plan into the OLDC, the online system for data collection. This is also the first year that the organizational standards and state accountability measures are to be addressed in the application. These proposed measures are intended to ensure that both state and federal administrators of CSBG, as well as the CAA recipients, are accountable to high standards of performance management.

EQUAL HOUSING OPPORTUNITY

To address the implementation of the standards, OHCS described in the 2015 State Plan the formulation of the Federal/State Accountability Measures and CSBG workgroup. This group is composed of executive directors from several Oregon community action agencies, the executive director of Community Action Partnership of Oregon (CAPO, the state CAA association), and the CSBG Program Analyst. Together, this group is developing processes and implementation procedures for the organizational standards and the state accountability measures, as well as further developing and improving the state's approach to data collection, discretionary usage and formula allocations.

The State Plan also highlights OHCS' partnership with CAPO, with whom the agency contracts services for statewide coordination, communication, training and technical assistance. Through CAPO's coordination, agencies have the opportunity to attend workshops and trainings on fiscal management, family development, ROMA, community needs assessment, strategic planning and much more.

Eligible entities are allowed to use CSBG funds for both administrative and programmatic purposes. CSBG funds are awarded on a base + formula allocation. The CAAs use CSBG funds for a broad number of categories and report on these categories each year in the CSBG IS-Survey: employment, education, income management, housing, emergency services, nutrition, linkages, self-sufficiency, health, and youth and senior initiatives.

2014 STATE CSBG FACTSHEETS

From the OR FFY 2013 Community Services Block Grant Information System Survey

Oregon

CSBG NETWORK PARTICIPANTS

Oregon administers CSBG to
18 agencies in 100% of OR counties

72% of OR families served were in poverty, below 100% of the Federal Poverty Guidelines

35% of OR families served were in severe poverty, below 50% of the Federal Poverty Guidelines

The CSBG Network provided services to **565,557 low-income individuals in 197,489 families in Oregon.**

Vulnerable populations served included:

172,031 children

63,941 people with disabilities

58,591 seniors

104,133 people who lacked health insurance

Nationally, 1,040 agencies receiving CSBG funding provided services to 15.7 million low-income individuals in 6.7 million families.

Of the 6.7 million families nationwide, 70% of those families were living in poverty, below 100% of the Federal Poverty Guildelines.

CSBG NETWORK RESOURCES

For every $1 of CSBG, the OR Network leveraged $35.36 from state, local, and private sources, including the value of volunteer hours*

$13.11 State
$7.29 Local
$12.26 Private
$2.69 Value of Volunteer Hours

$35.36

*Value of Volunteer Hours calculated using federal minimum wage, except in those states with a higher minimum wage.

$4,443,469 CSBG funds were allocated in support of the OR CSBG Network

The OR Network's non-CSBG funding totaled $246,123,532

Including all federal sources and volunteer hours, the OR CSBG Network leveraged 57.54 **per $1** of CSBG

2014 STATE CSBG FACTSHEETS

From the OR FFY 2013 Community Services Block Grant Information System Survey

CSBG PERFORMANCE OUTCOMES FOR OREGON

Below is a subset of the OR Network's **1,910,048 outcomes**, including indicators of movement toward self-sufficiency and community revitalization.

Outcomes Include:

217,268	**Employment or Work Supports** Low-income participants in CSBG Network employment initiatives obtained supports which reduced or eliminated barriers to initial or continuous employment, acquired a job, obtained an increase in employment income, or achieved "living wage" employment and benefits.
1,524	**Economic Asset Enhancement and Utilization** Low-income households achieved an increase in financial assets or financial skills as a result of CSBG Network assistance.
51,462	**Child and Family Development** Infants, children, youth, parents, and other adults participated in developmental or enrichment programs facilitated by the CSBG Network and achieved program goals.
113,054	**Independent Living for Low-Income Vulnerable Populations** Low-income vulnerable individuals received services from the CSBG Network and secured or maintained an independent living situation as a result.
121,710	**Family Stability** Low-income participants obtained supports which reduced or eliminated barriers to family stability through assistance from the CSBG Network.
1,324,825	**Emergency Assistance** Low-income individuals and families received emergency assistance from the CSBG Network.
36,011	**Community Opportunities and Resources** Community opportunities or resources were improved or expanded for low-income people as a result of CSBG Network projects or initiatives, or advocacy with other public and private agencies.
44,194	**Community Empowerment** Community members and low-income people mobilized to engage in activities that support and promote their own well-being and that of their community as a direct result of CSBG Network initiatives through maximum feasible participation.

Oregon Housing and Community Services

Summary of 2015-17 Legislatively Adopted Budget

Kate Brown
Governor

Margaret S. Van Vliet
Director

Oregon Housing and Community Services Department

Summary of 2015-17 Legislatively Adopted Budget

Vision

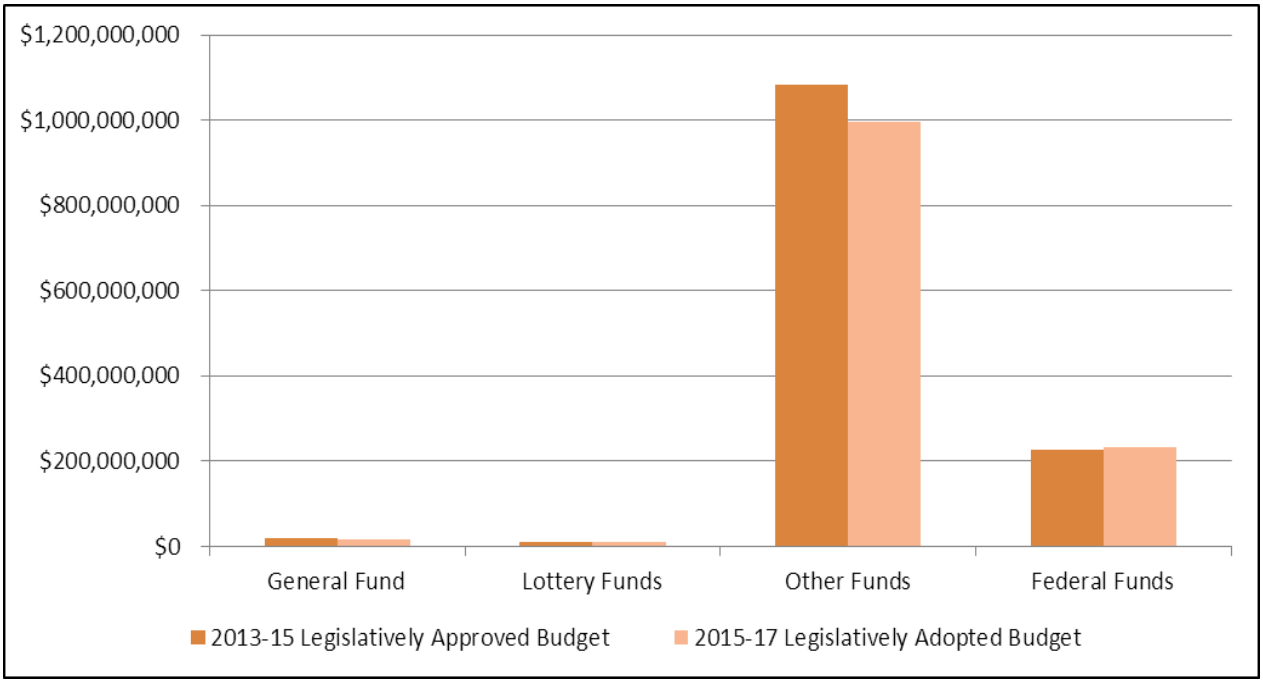
All Oregonians have the opportunity to pursue prosperity and live free from poverty.

Mission Statement

We provide stable and affordable housing and engage leaders to develop integrated statewide policy that addresses poverty and provides opportunity for Oregonians.

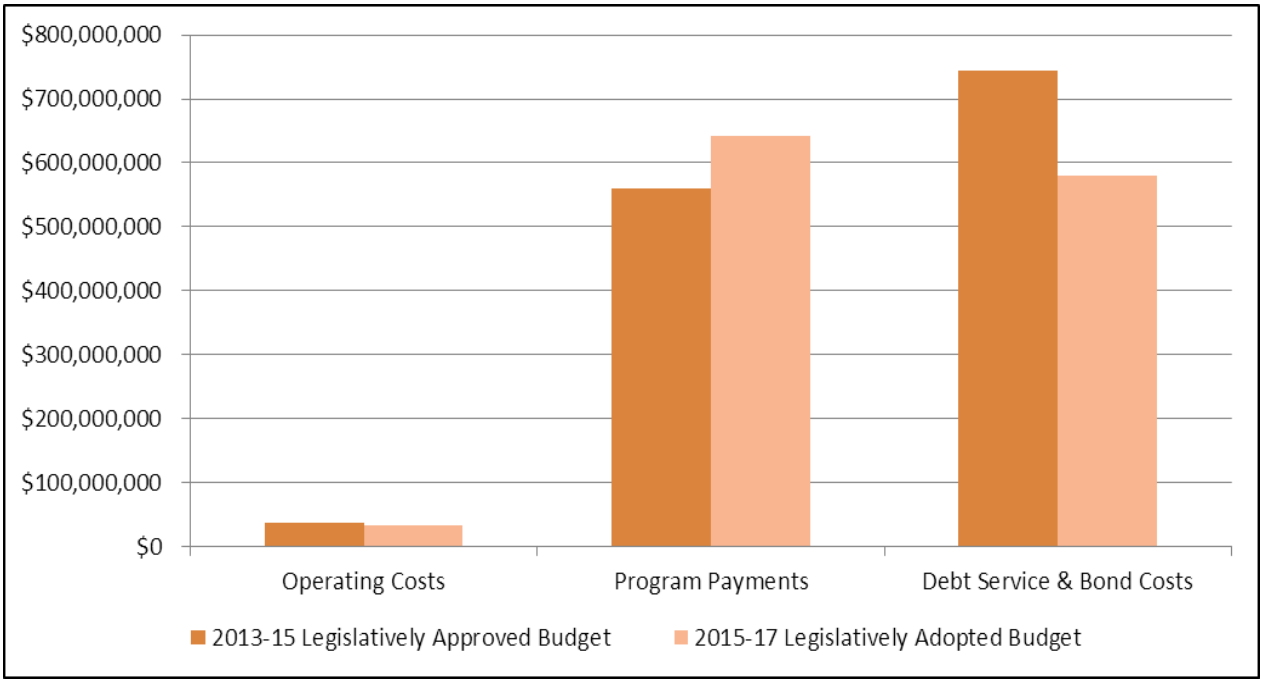
Comparison of 2013-15 and 2015-17 Budgets

Total Expenditure Limitation by Fund Type



	2013-15	2015-17
General Fund	$20,426,812	$15,679,188
Lottery Funds Debt Service	$9,428,966	$11,676,469
Other Funds	$1,082,280,522	$995,518,037
Federal Funds	$227,743,813	$232,246,854
All Funds	**$1,339,880,113**	**$1,255,120,548**

Total Expenditure Limitation by Usage



	2013-15	2015-17
Operating Costs	$36,830,894	$33,618,337
Program Payments	$558,847,854	$641,681,447
Debt Service and Bond Costs	$744,201,365	$579,820,764
All Funds	**$1,339,880,113**	**$1,255,120,548**
Positions/FTE	169 / 150.33	130 / 126.17

Changes or Renewed Funding from 2013-15 Budget

Housing Stabilization Programs

Transfer Food programs to DHS

Food assistance programs will transfer to the Department of Human Services no later than January 1, 2016. OHCS' budget includes one-fourth of funding for the Oregon Hunger Response Fund, The Emergency Food Assistance Program, the Commodity Supplemental Food Program, and the Food Distribution Program on Indian Reservations. The Food Assistance Coordinator position was abolished.

- 2015-17: 0 positions, 0.0 FTE, $590,860 GF, $596,453 FF
- 2013-15: 1 position, 1.0 FTE, $2,744,600 GF, $2,374,001 FF

Restore funding for Homeless Assistance Programs
One-time funding provided in the 2014 Legislative Session for the Emergency Housing Assistance and State Homeless Assistance Program was restored and made permanent. The EHA program also has revenues from the document recording fee.
Note: General Fund appropriation for EHA payments is transferred to a separate account in order to protect the funds if unspent. Only the General Fund amounts are shown below.

- 2015-17: EHA $6,457,890, SHAP $3,340,465
- 2013-15: EHA $6,278,610, SHAP $3,216,716

Implement the HUD Section 811 Project Rental Assistance Program
In March 2015, OHCS was awarded $2,335,000 from the U.S. Department of Housing and Urban Development (HUD) for the Section 811 Project Rental Assistance program.

The program provides project-based rental assistance to extremely low-income persons with mental, intellectual and/or developmental disabilities, and allows them to live in the community as independently as possible by increasing the supply of rental housing linked with support services. These funds will provide rental assistance to approximately 76 households. During the 15-17 biennium OHCS expects to have the first 21 units occupied. The tenants will receive rental assistance through OHCS and supportive services through DHS and/or Oregon Health Authority.

- 2015-17: 2 positions, 0.75 FTE, $1,008,874 FF
- 2013-15: 0 positions, 0.0 FTE, $0

Wildfire Damage Housing Relief
House Bill 3148 established the Wildfire Damage Housing Relief Account and directs OHCS to issue $5,000 grants from the account to qualifying households. The program applies to persons or families whose federal adjusted gross income for the preceding year is 75 percent of federal poverty guidelines, and who suffer a loss of housing due to a wildfire.

- 2015-17: 0 positions, 0.0 FTE, $50,000 GF
- 2013-15: 0 positions, 0.0 FTE, $0

Extended Funding for Oregon Energy Assistance Program
The 2011 and 2013 Legislative Sessions approved an additional $5 million annually to be collected from residential electricity consumers which is transferred to OHCS and then distributed to eligible low-income Oregonians for bill payment assistance. The 2015 Legislative Session extended the additional collections until 2018.

- 2015-17: 0 positions, 0.0 FTE, $40,599,037 OF
- 2013-15: 0 positions, 0.0 FTE, $34,591,425 OF

Housing Finance Programs

Establish the Local Innovation and Fast-Track Housing (LIFT) program
The Legislature approved $40 million in Article XI-Q bonds to establish the LIFT program. The housing to be developed with the bonds will be targeted to low income

individuals and families. The Department will develop the housing with the advice of the Housing Stability Council and work with stakeholders to achieve objectives that include reducing project costs and reaching underserved communities.

- 2015-17: 0 positions, 0.0 FTE, $40,000,000 Capital Construction, $585,000 OF (cost of issuance)
- 2013-15: 0 positions, 0.0 FTE, $0

Mental Health Housing

The Legislature approved $20 million in Lottery-backed bonds for financing the construction of housing for individuals with mental illness or addiction disorders. The Oregon Health Authority will work with its partners to set up a workgroup to provide recommendations on project priorities to OHCS. OHCS will develop and issue a notice of funding availability for these funds with assistance from Oregon Health Authority.

- 2015-17: 0 positions, 0.0 FTE, $20,000,000 OF, $307,817 OF (cost of issuance)
- 2013-15: 0 positions, 0.0 FTE, $0

Preserving Subsidized Housing

The Legislature approved $2.5 million in Lottery-backed bonds for preservation of affordable housing with expiring federal rent subsidies.

- 2015-17: 0 positions, 0.0 FTE, $2,500,000 OF, $51,972 OF (cost of issuance)
- 2013-15: 0 positions, 0.0 FTE, $0

Continue the Homeownership Stabilization Initiative

The foreclosure prevention program funded with Troubled Asset Relief Program funds is "ramping down" between now and December, 2017. Only a portion of the initiative's total expenses are included in the budget.

- 2015-17: 10 positions, 7.92 FTE, $1,750,424 OF
- 2013-15: 37 positions, 23.93 FTE, $3,850,634 OF

Continue the Foreclosure Avoidance Program

OHCS will continue to administer pre-mediation counseling and legal assistance contracts to assist homeowners in danger of foreclosure. The funding level is anticipated to continue the program through February 2016, when OHCS will report to the Legislature on program results.

- 2015-17: 0 positions, 0.0 FTE, $1,440,000 GF
- 2013-15: 1 LD position, 1.0 FTE $5,213,981 GF

Central Services

Restore Funding for the Court Appointed Special Advocate (CASA) program

A permanent position for the CASA program was created, and funding to local CASA organizations was increased by $210,000.

Note: General Fund appropriation for program payments is transferred to a separate account in order to protect the funds if unspent.

- 2015-17: 1 permanent position, 1.0 FTE, $2,764,318 GF, $2,498,980 OF
- 2013-15: 1 LD position, 1.0 FTE $2,382,950 GF, $2,382,950 OF

Support for Oregon Volunteers

The Commission on Voluntary Action and Service received $250,000 General Fund for administrative costs in 2015-17. The Commission is directed to analyze its financial sustainability and determine whether Oregon Volunteers should remain at OHCS or become another type of entity. The Commission is to report the results to the Legislature in February 2016.

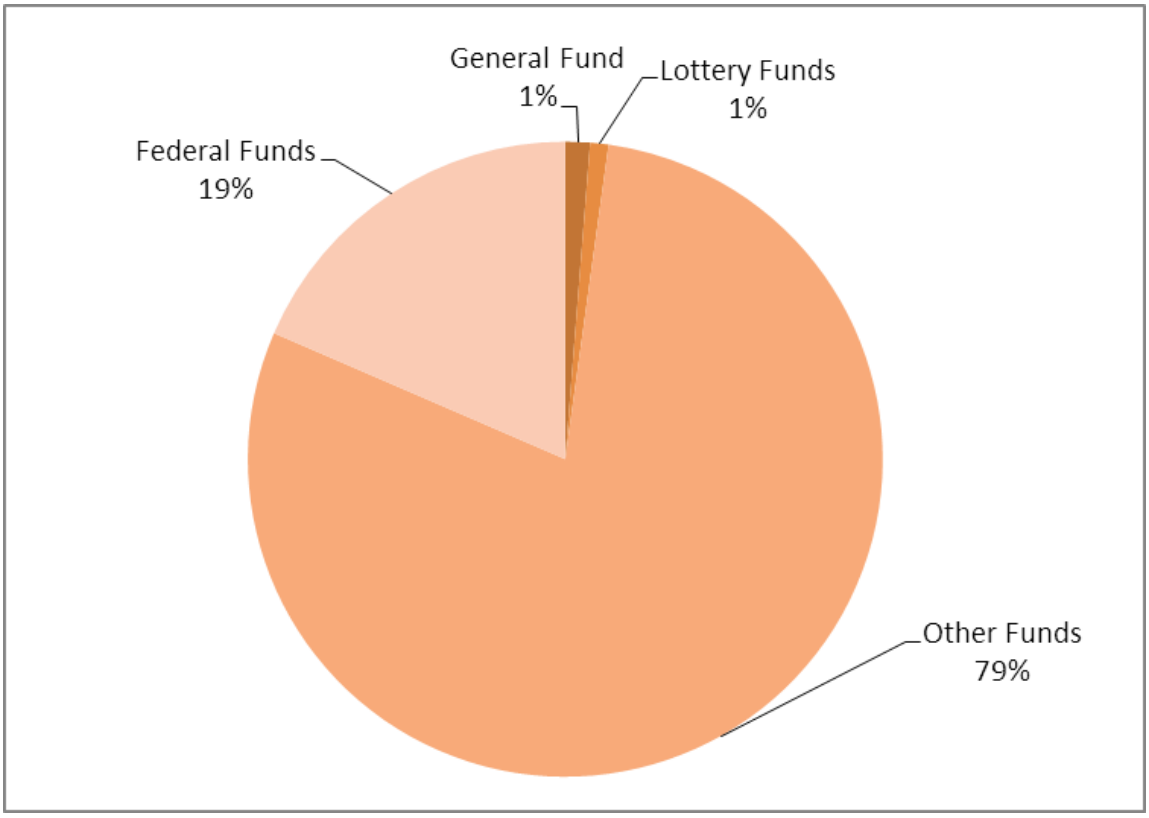
- 2015-17: 2 positions, 2.0 FTE, $250,000 GF, $5,002,904 FF
- 2013-15: 2 positions, 2.0 FTE, $4,862,655 FF

Administrative Staff Reductions

One element of the OHCS transition planning was an analysis of the service delivery model coupled with the goal to achieve more streamlined, efficient, and effective operations agency-wide. This analysis resulted in position reductions in the Central Services area.

- 2015-17: 46 positions, 46.0 FTE, $5,848,332 OF, $2,197,828 FF
- 2013-15: 55 positions, 52.9 FTE, $6,792,520 OF, $2,494,501 FF

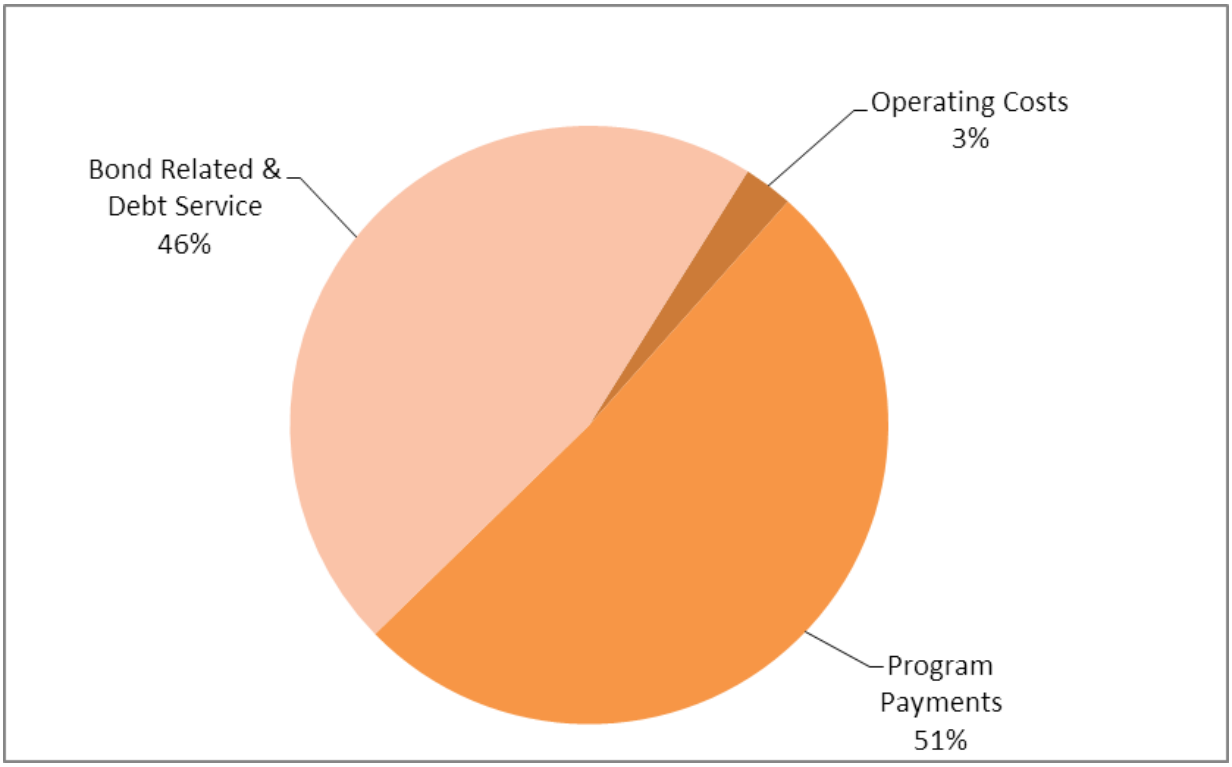
Total 2015-17 Budget by Fund Type
$1.255 Billion



Fund Type	Amount
General Fund	$15,679,188
Lottery Funds Debt Service	$11,676,469
Other Funds	$995,518,037
Federal Funds	$232,246,854
Total 2015-17 Legislatively Adopted Budget	**$1,255,120,548**

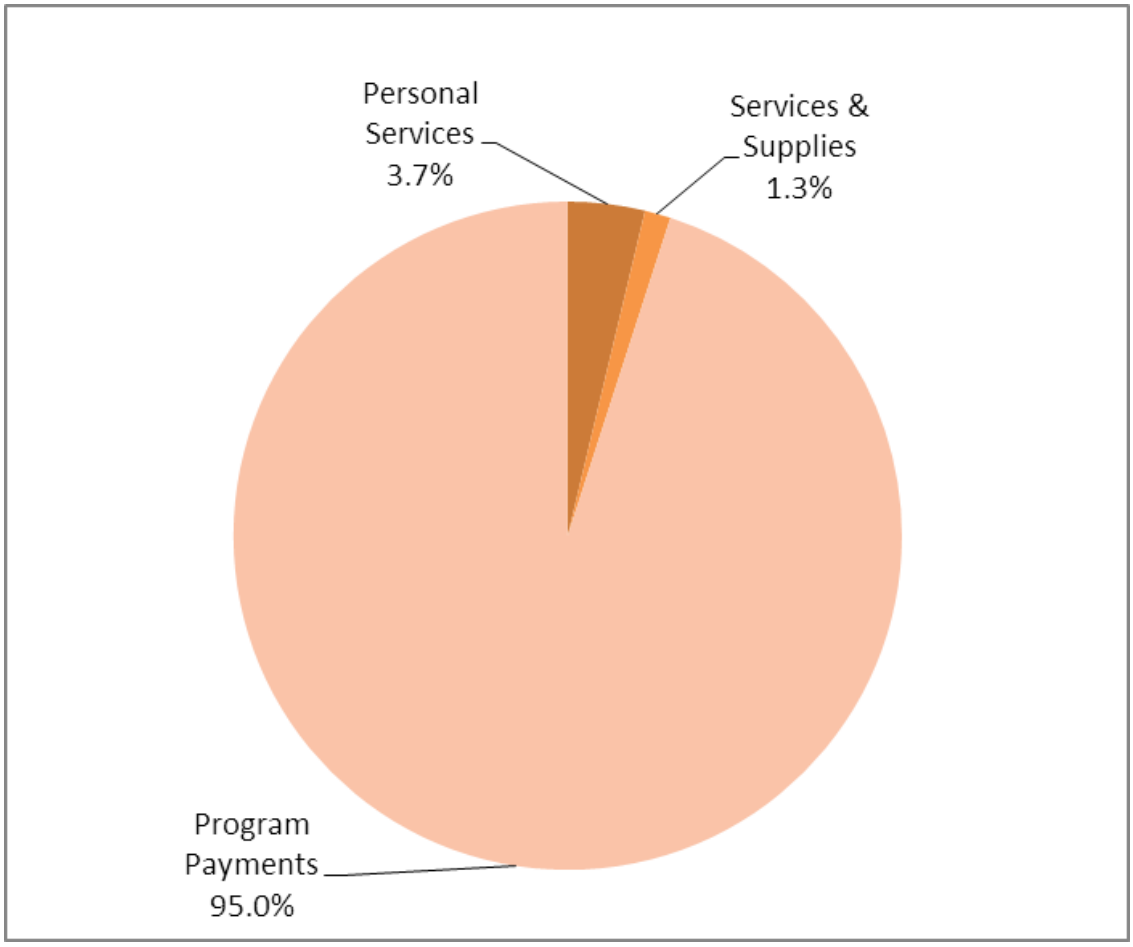
Note: OHCS also allocates approximately $26 million in state and federal housing development tax credits annually, which provides $90 million in equity to housing developers. In addition, OHCS allocates $7.5 million in annual tax credits through Individual Development Accounts and $14.7 million annually in payments through OHSI, none of which is reflected in the budget.

Total 2015-17 Budget by Usage
$1.255 Billion



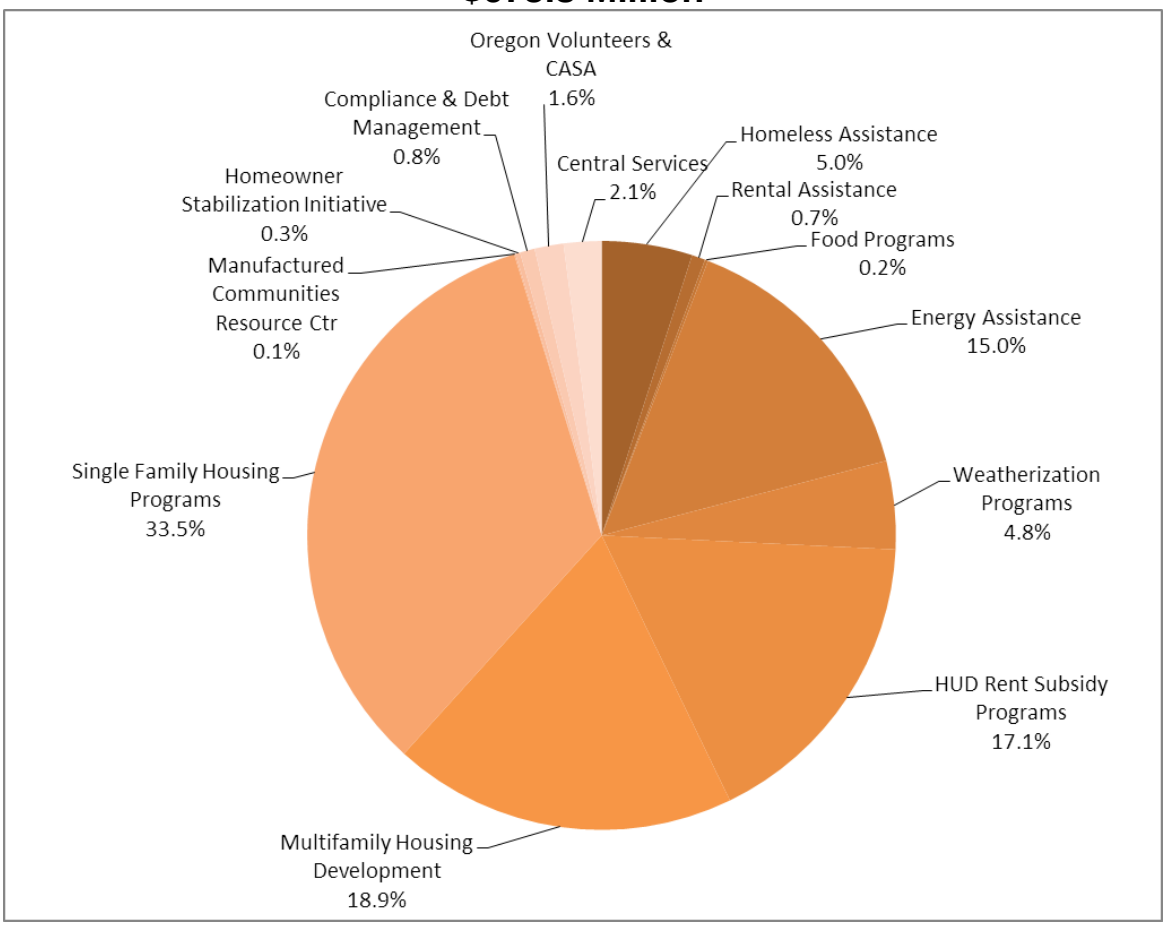
Usage	Amount
Operating Costs	$ 33,618,337
Program Payments	$ 641,681,447
Debt Service & Bond Costs	$ 579,820,764
Total 2015-17 Legislatively Adopted Budget	**$1,255,120,548**

Budget excluding Debt Service and Bond Costs
$675.3 Million



Usage	Amount
Personal Services	$ 25,121,896
Services & Supplies	$ 8,496,441
Program Payments	$641,681,447
Total	$675,299,784

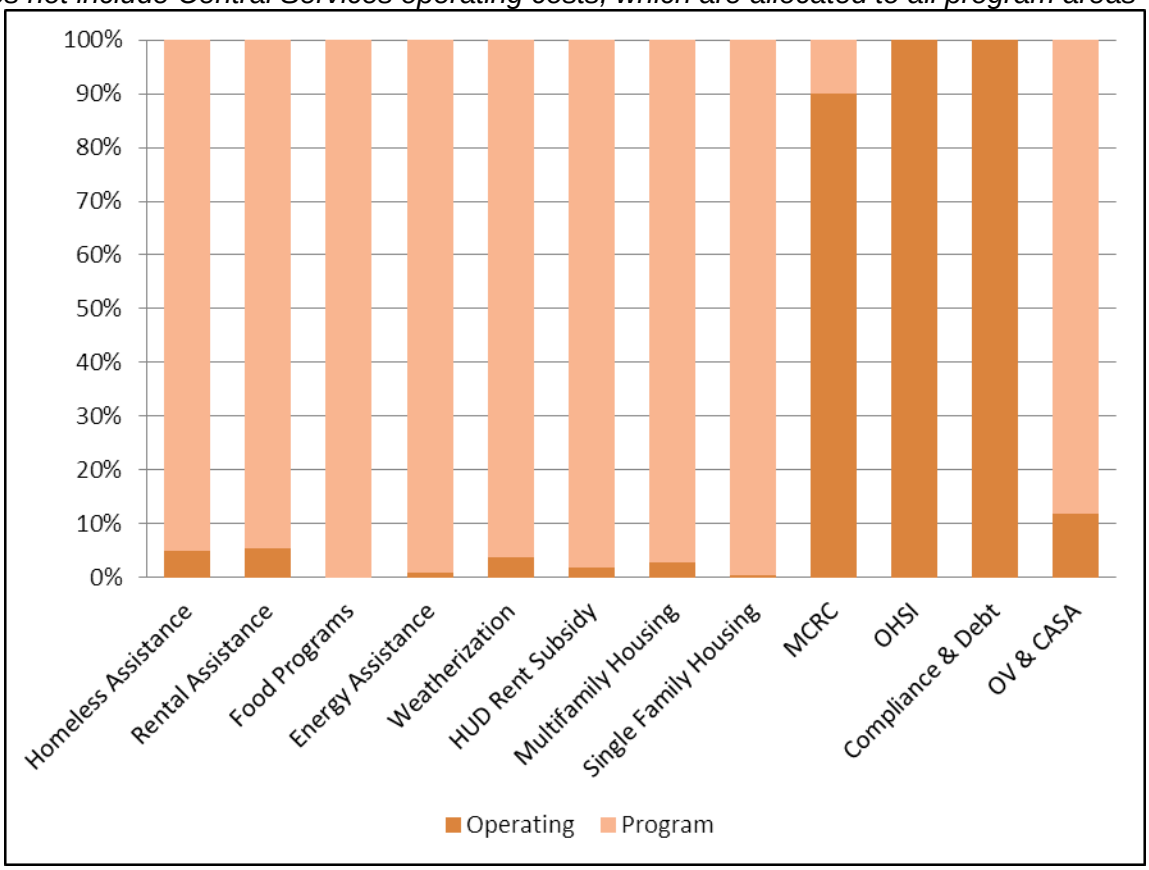
Budget by Program Area, excluding Debt Service and Bond Costs
$675.3 Million



Program Area	Amount
Housing Stabilization Programs	
Homeless Services	
Homeless Assistance	$ 33,598,575
Rental Assistance	$ 4,987,693
Food Programs	$ 1,186,302
Energy Services	
Energy Assistance	$ 101,472,909
Weatherization Programs	$ 32,724,747
HUD Rent Subsidy Programs	$ 115,175,617
Housing Finance Programs	
Multifamily Housing Development	$ 127,604,519
Single Family Housing Programs	$ 226,106,218
Manufactured Communities Resource Center	$ 469,706
Homeowner Stabilization Initiative	$ 1,750,424
Compliance & Debt Management	$ 5,500,895
Central Services	
Oregon Volunteers and CASA	$ 10,734,884
Central Services	$ 13,987,295
Total	**$ 675,299,784**

Operating Costs and Program Payments by Program Area
$661.3 Million

Does not include Central Services operating costs, which are allocated to all program areas



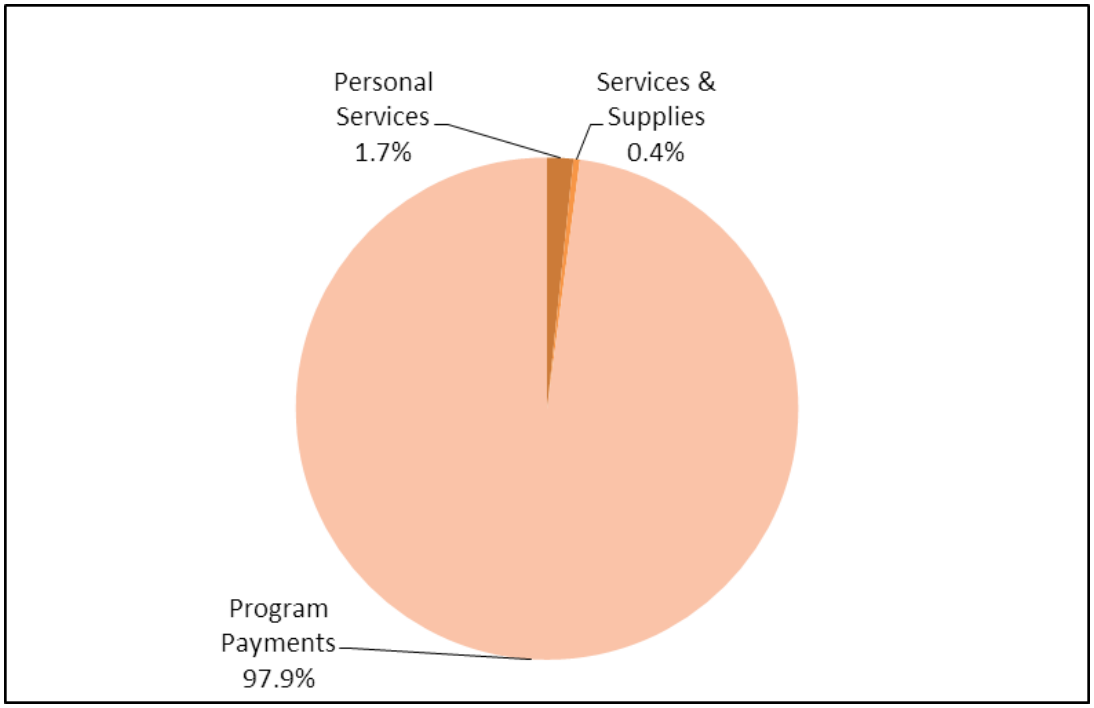
Program Area	Operating Costs	Program Payments
Housing Stabilization Programs		
Homeless Services		
Homeless Assistance	$1,626,750	$31,971,825
Rental Assistance	$265,346	$4,722,347
Food Programs	$0	$1,186,302
Energy Services		
Energy Assistance	$959,737	$100,513,172
Weatherization Programs	$1,200,782	$31,523,965
HUD Rent Subsidy Programs	$1,990,802	$113,184,815
Housing Finance Programs		
Multifamily Housing Development	$3,616,761	$123,987,758
Single Family Housing Programs	$1,031,891	$225,074,327
Manufactured Communities Resource Center	$423,356	$46,350
Homeowner Stabilization Initiative	$1,750,424	$0
Compliance & Debt Management	$5,500,895	$0
Central Services		
Oregon Volunteers and CASA	$1,264,298	$9,470,586
Total	**$19,631,042**	**$641,681,447**

Housing Stabilization Division

Housing Stabilization Programs

	Pos	FTE	General Fund	Other Funds	Federal Funds	Total
Homeless Assistance	7	7.0	$9,848,355	$9,796,070	$13,954,150	**$33,598,575**
Rental Assistance	3	3.0	$785,655	$1,248,464	$2,953,574	**$4,987,693**
Food Programs	0	0.0	$590,860	$0	$595,442	**$1,186,302**
Energy Assistance Programs	3	3.0	$0	$40,599,037	$60,873,872	**$101,472,909**
Weatherization Programs	6	6.0	$0	$17,301,833	$15,422,914	**$32,724,747**
HUD Rent Subsidy Programs	11	10.25	$0	$1,846,743	$113,328,874	**$115,175,617**
Total	**30**	**29.25**	**$11,224,870**	**$70,792,147**	**$207,128,826**	**$289,145,843**

Housing Stabilization Programs by Category



Category	Amount
Personal Services	$ 4,859,392
Services & Supplies	$ 1,184,025
Program Payments	$283,102,426
Division Total	$289,145,843

Housing Stabilization Division Programs

The Housing Stabilization Division (HSD) programs are designed to prevent and end homelessness. These programs include:

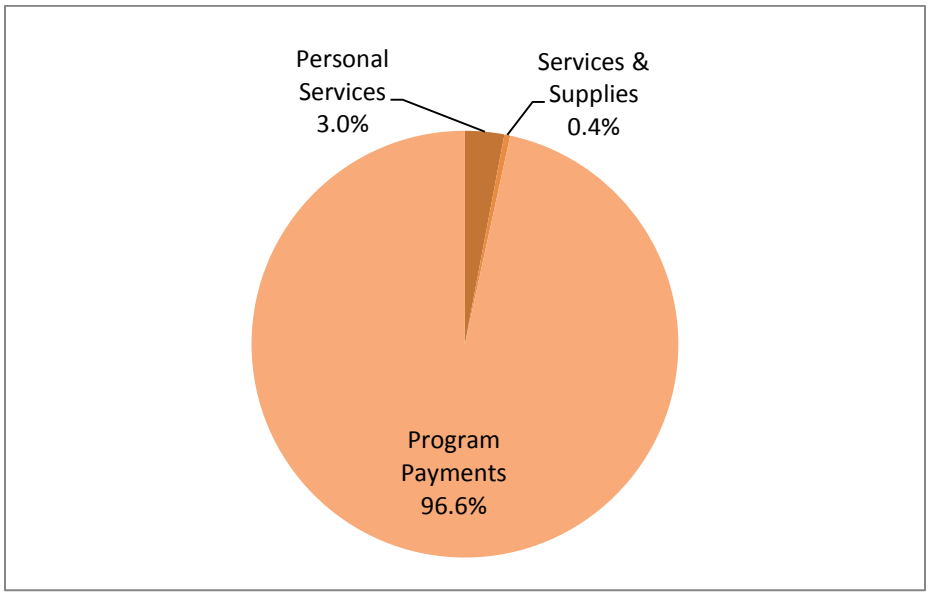
- **Homeless Assistance Programs** deliver services that enable households that are homeless or at risk of homelessness to maintain or regain housing stability.
- **Rental Assistance Programs** are available to Oregonians earning at or below 50% of area median income. These programs offer rental assistance and refundable security deposits paid directly to property owners on the tenants' behalf.
- **Food Programs** provide commodity food distribution, emergency feeding programs, nutrition education, and support state and regional food banks with funding for infrastructure, equipment, and capacity building.
- **Low-Income Energy Assistance** programs provide annual, one-time bill payment assistance to eligible households earning 60% or less of Oregon's median income.
- **Low-Income Weatherization Assistance Programs** provide home health and safety improvements, heating system repair and replacement, energy conservation services, and baseload measures to households earning 60% or less of state median income level.
- The **HUD Project-Based Rental Assistance Programs** provide rent subsidy payments paid directly to property owners. These subsidies ensure that tenants pay no more than 30% of their income for rent.

Housing Finance Division

Housing Finance Programs

	Pos	FTE	General Fund	Other Funds	Federal Funds	Total
Multifamily Housing Development	18	18.0	$0	$113,983,073	$13,621,446	**$127,604,519**
Single Family Housing Programs	4	4.0	$1,440,000	$222,092,040	$2,574,178	**$226,106,218**
Manufactured Communities Resource Center	2	2.0	$0	$469,706	$0	**$469,706**
Homeownership Stabilization Initiative	10	7.9	$0	$1,750,424	$0	**$1,750,424**
Compliance Monitoring Section	16	15.5	$0	$3,177,802	$886,948	**$4,064,750**
Debt Management Section	6	6.0	$0	$1,436,145	$0	**$1,436,145**
Total	**56**	**53.4**	**$1,440,000**	**$342,909,190**	**$17,082,572**	**$361,431,762**

Housing Finance Programs by Category



Category	Amount
Personal Services	$ 10,717,519
Services & Supplies	$ 1,605,808
Program Payments	$349,108,435
Division Total	$361,431,762

Housing Finance Division Programs

The Housing Finance Division (HFD) programs provide affordable rental and homeownership opportunities. These programs include:

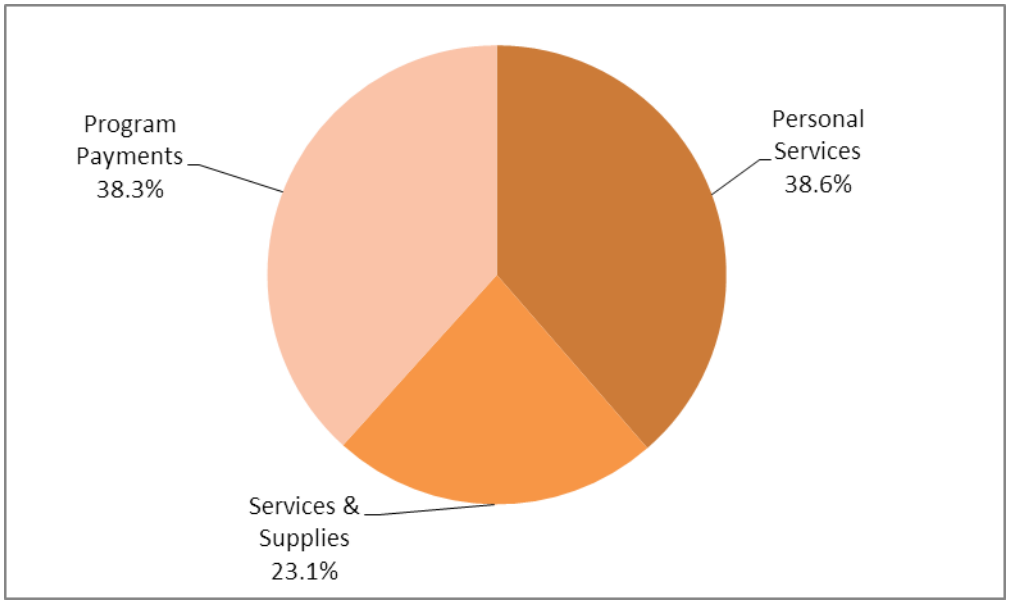
- **Multifamily Rental Housing Development Programs** provide a continuum of housing options for low-income and fragile Oregonians. Federal and state-funded programs provide financing for the development of new housing units, rehabilitation of existing housing units, and preservation of affordable housing projects with project-based Section 8 and Rural Development rental subsidies.
- **Single Family Housing Programs** expand access to affordable homeownership through below market rate residential loans, as well as assisting homeowners in purchasing and retaining their homes through education, foreclosure counseling and financial assistance services. These programs benefit homebuyers and homeowners who are typically not served by traditional lenders, and who would not otherwise have access to the housing market and homeownership services.
- **Manufactured Communities Resource Center** is funded through annual assessments on manufactured homes located in parks and assessed as personal property and park registration fees from park owners. Funds are used for mediation, information, referrals, and technical assistance to manufactured home park tenants and owners.
- The **Homeownership Stabilization Initiative** program assists at-risk homeowners to avoid foreclosure through a number of activities. The program—known nationally as the Hardest Hit Fund (HHF) program—is funded entirely by federal Troubled Asset Relief Program (TARP) resources from the US Department of Treasury. Oregon is one of 18 states awarded funds because of the severe impacts suffered during the recent economic recession. The overall goal of the program is to stabilize the housing market through foreclosure prevention activities. Oregon received a $220 million HHF award in 2010, and must expend all of these resources by 2017. As of July 31, 2015, $214.4 million of the original funding has been expended, and two residential mortgage programs remain open.
- **Compliance Monitoring** of projects that have received funding ensures that the projects meet regulatory requirements of the various funding sources. Many properties are physically inspected on a regular basis, and a review of management is conducted to ensure compliance with regulatory standards, federal regulations, and state rules. The projects' financial statements are reviewed annually to ensure the fiscal viability of the project.
- **Debt Management** of bond-financed loan programs includes disbursement of bond proceeds to finance multifamily and single-family mortgage loans, bond issuance costs, administrative expenses related to outstanding debt, and asset-protection costs associated with foreclosures and acquired properties.

Central Services

Central Services Divisions

	Pos	FTE	General Fund	Other Funds	Federal Funds	Total
Director's Office	12	12.0	$0	$2,104,700	$562,441	**$2,667,141**
Oregon Volunteers	3	3.0	$3,014,318	$2,717,662	$5,002,904	**$10,734,884**
Public Affairs Office	9	9.0	$0	$1,902,901	$531,114	**$2,434,015**
Chief Financial Office	22	22.0	$0	$6,947,141	$1,938,998	**$8,886,139**
Total	**46**	**46.0**	**$3,014,318**	**$13,672,404**	**$8,035,457**	**$24,722,179**

Central Services by Category



Category	Amount
Personal Services	$ 9,544,985
Services & Supplies	$ 5,706,608
Program Payments	$ 9,470,586
Total	$24,772,179

Central Services

The Central Services program unit includes the administrative functions for the department, and the Oregon Volunteers programs. Most of the agency's shared costs are in this program unit as well, such as facilities rent and state government service charges.

Director's Office

The Director's Office provides the leadership for the Department, and includes the Director and executive support staff, Human Resources and Payroll, the Administrative Services Section, and the Housing Stability Council.

Oregon Volunteers Programs

The Oregon Commission for Voluntary Action & Service promotes and supports AmeriCorps, Court Appointed Special Advocates (CASA), volunteerism, and civic engagement to strengthen Oregon communities.

Public Affairs Office

The Public Affairs Office includes Communications, Legislative Liaison, Federal Planning, and the agency Integrators.

Chief Financial Office

This Division includes the Chief Financial Officer, the Budget Unit, and the Finance and Information Technology sections. Responsibilities include planning for, implementing, and maintaining all aspects of the agency's budget, contracts and grants, fiscal compliance and financial operations, and information systems. Agency-wide pooled costs are included in this division.

Oregon Housing and Community Services

Programs in 2015-17 Legislatively Adopted Budget

Kate Brown

Governor

Margaret S. Van Vliet

Director

Housing Stabilization Division Programs

Homeless Services Programs	Fund Type	2015-17 Limitation Amount
Homeless Assistance Programs		
Emergency Housing Assistance (EHA) Revenue sources include a General Fund appropriation which is transferred to Other Funds, and funds received through the 2009 Housing Opportunity bill (HB 2436). This bill increased the fee collected for the recording of certain real property documents by $15 and transfers the funds to OHCS. The fee was increased to $20 in 2013 and the additional funds are dedicated to services for veterans. Ten percent of total receipts are dedicated to the EHA program. This program helps fund emergency shelters, transitional housing, rapid re-housing, homelessness prevention, supportive in-home services, veteran's housing assistance, data collection, and community capacity-building designed to prevent and reduce homelessness.	General Fund Other Funds	$6,457,890 $9,796,070
Community Services Block Grant (CSBG) These funds are awarded by the US Department of Health & Human Services (DHHS). CSBG provides operating funds for community action agencies (CAAs) and supports anti-poverty programs.	Federal Funds	$10,762,626
State Homeless Assistance Program (SHAP) This program funds facility maintenance and operation for emergency shelters, supportive services for shelter residents, and data collection.	General Fund	$3,340,465
Emergency Solutions Grant Program (ESGP) Funds for this program are awarded by HUD as part of the 1987 McKinney Act. These funds are used to provide street outreach, emergency shelter, homelessness prevention, rapid re-housing, and data collection to prevent and reduce homelessness.	Federal Funds	$2,126,140
Housing Stabilization Program (HSP) The Oregon Department of Human Services transfers a portion of its Temporary Assistance to Needy Families (TANF) funds to OHCS for this program. HSP provides funds for temporary housing-related assistance, stabilization services, case management, and data collection to address non-recurring needs of TANF eligible families who are homeless or at risk of becoming homeless.	Federal Funds	$1,000,000
Low Income Rental Housing Funds (LIRHF) This program provides short- and medium-term rental assistance, including deposits, rent payments, and rental arrearages, for homeless and at-risk households.	General Fund	$478,368

Homeless Services Programs	Fund Type	2015-17 Limitation Amount
Homeless Management Information System (HMIS) Lead OHCS has been designated by the Rural Oregon Continuum of Care to receive funding from HUD to operate the information system.	Federal Funds	$65,384
Wildfire Damage Housing Relief Fund This program was established by the 2015 Legislature, and provides grants of up to $5,000 to qualifying households that suffer a loss of housing due to wildfire.	General Fund	$50,000
Subtotal Homeless Assistance Programs		**$33,598,575**
Rental Assistance Programs		
Housing Permanent Living Utilizing Services (Housing PLUS) This program provides rent subsidies and supportive services for tenants in housing units financed with proceeds from the sale of lottery-backed bonds issued in the 2007-09 biennium.	Other Funds	$941,177
HOME Tenant-Based Assistance (TBA) TBA is part of the HOME Investment Partnership Program funded through HUD. These funds provide tenant-based rental assistance, including rent subsidies, utilities, and refundable security deposits for very low-income families and individuals.	Federal Funds	$2,953,574
Housing Choice Landlord Guarantee Program (HCLGP) The program provides a guarantee to landlords for damages that may be caused by tenants with Housing Choice or VASH vouchers.	General Fund	$307,287
The General Fund appropriation is transferred to the Housing Choice Landlord Guarantee account and payments to landlords are made from this account.	Other Funds	$307,287
Subtotal Rental Assistance Programs		**$4,987,693**
Food and Nutrition Programs		
The Food and Nutrition Programs are transferring to the Department of Human Services (DHS) in the 2015-17 biennium. The amounts shown below are estimated to be six months of funding and the remaining program funds are included in the DHS budget.		
Oregon Hunger Response Fund General Fund food assistance program, which is awarded to Oregon Food Bank for food purchase and capacity-building grants to regional food banks.	General Fund	$590,860
The Emergency Food Assistance Program (TEFAP) Awarded by US Department of Agriculture (USDA). This program provides USDA commodities to low-income households through emergency food programs.	Federal Funds	$461,564

Homeless Services Programs	Fund Type	2015-17 Limitation Amount
Commodity Supplemental Food Program (CSFP) Awarded by USDA. CSFP funds are used for storage and distribution of foods with high nutritional value to low-income elderly households.	Federal Funds	$76,101
Food Distribution Program on Indian Reservations (FDPIR) Awarded by USDA. This program provides nutritious foods to income-eligible households residing within the Confederated Tribes of the Umatilla Indian Reservation boundary, or households in Umatilla or Morrow counties with at least one member who is enrolled in a federally-recognized tribe.	Federal Funds	$57,777
Subtotal Food and Nutrition Programs		**$1,186,302**
Total Homeless Services Programs		**$39,772,570**

Energy Services Programs	Fund Type	2015-17 Limitation Amount
Energy Assistance Programs		
Low-Income Home Energy Assistance Program (LIHEAP) Awarded by US Department of Health and Human Services (DHHS) for heating bill payment assistance to low-income renters and homeowners. Services include heating bill payment assistance, energy education, heating equipment repair or replacement, and case management. Households must be at or below 60% of state median income to be eligible for this program.	Federal Funds	$60,873,872
Oregon Energy Assistance Program (OEA) This program is funded by receipts from monthly meter charges collected by Portland General Electric (PGE) and PacifiCorp. The program provides electric bill payment assistance and crisis assistance to low-income households, with priority assistance given to those in danger of service disconnection. Renters and homeowners at or below 60% of the state median income who are customers of PGE or PacifiCorp are eligible for this program.	Other Funds	$40,599,037
Subtotal Energy Assistance Programs		**$101,472,909**
Weatherization Programs		

Energy Services Programs	Fund Type	2015-17 Limitation Amount
Department of Energy (DOE) Awarded by US Department of Energy for home energy conservation measures and home health-related repairs. DOE provides home weatherization assistance to low-income renters and homeowners regardless of heating source (termed "fuel blind"). These funds are available in all areas of the state. Households must be at or below 200% of the federal poverty level to be eligible for this program.	Federal Funds	$3,983,721
LIHEAP Weatherization Fifteen percent of the LIHEAP award is used for home energy conservation measures and home health-related repairs. LIHEAP is also fuel blind and the funds are available in all areas. LIHEAP and DOE are often combined to provide greater assistance to households.	Federal Funds	$9,414,330
Bonneville Power Administration (BPA) Awarded by Bonneville Power Administration for home energy conservation measures and home health-related repairs. These funds are available to households that heat with electricity from a public utility, and can also be combined with DOE and LIHEAP. Households must be at or below 200% of the federal poverty level to be eligible for this program.	Federal Funds	$2,024,863
Energy Conservation Helping Oregonians (ECHO) ECHO is funded by receipts from public purpose charges (PPC) collected by Portland General Electric (PGE) and PacifiCorp. The funds are used for home energy conservation measures and services, and are available to households that heat with electricity from one of these utilities. These funds can be combined with DOE and LIHEAP, but cannot be combined with BPA funds. Households must be at or below 200% of the federal poverty level to be eligible for this program.	Other Funds	$17,301,833
Subtotal Weatherization Programs		**$32,724,747**
Total Energy Services Programs		**$134,197,656**

HUD Rent Subsidy Programs	Fund Type	2015-17 Limitation Amount
Section 8 Performance-Based Contract Administration (PBCA) Program Funds are received from the US Department of Housing and Urban Development (HUD). Rent subsidy payments are paid directly to property owners. These subsidies ensure that tenants pay no more than 30% of their income for rent. OHCS also receives fees for contract administration and monitoring.	Federal Funds Other Funds	$112,320,000 $1,846,743

HUD Rent Subsidy Programs	Fund Type	2015-17 Limitation Amount
Section 811 Project Rental Assistance (PRA) Program The program provides project-based rental assistance to extremely low-income persons with disabilities, and allows them to live in the community as independently as possible by increasing the supply of rental housing linked with support services	Federal Funds	$1,008,874
Total HUD Rent Subsidy Programs		**$115,175,617**

Housing Finance Division Programs

Multifamily Housing Development	Fund Type	2015-17 Limitation Amount
Local Innovation and Fast-Track Housing (LIFT) program The Legislature approved $40 million in Article XI-Q bonds to establish the LIFT program. The housing to be developed with the bonds will be targeted to low income individuals and families. The Department will develop the housing with the advice of the Housing Stability Council and work with stakeholders to achieve objectives that include reducing project costs and reaching underserved communities.	Other Funds	$40,000,000
Mental Health Housing The Legislature approved $20 million in Lottery-backed bonds for financing the construction of housing for individuals with mental illness or addiction disorders. The Oregon Health Authority will work with its partners to set up a workgroup to provide recommendations on project priorities to OHCS. OHCS will develop and issue a notice of funding availability for these funds with assistance from Oregon Health Authority.	Other Funds	$20,000,000
Affordable Rental Housing Preservation Proceeds from the sale of lottery-backed bonds are used for gap financing to preserve low-income housing units and their associated federal rent subsidies. The total includes bonds that were issued in January 2015 and bonds scheduled for issuance in the spring of 2017.	Other Funds	$10,000,000
General Housing Assistance Program The 2009 Housing Opportunity bill (HB 2436) increased the fee collected for the recording of certain real property documents by $15 and transfers the funds to OHCS. The fee was increased to $20 in 2013 and the additional funds are dedicated to housing for veterans. The bill requires that 76 percent of these funds will be used to finance affordable multifamily rental housing.	Other Funds	$ 30,421,705

Multifamily Housing Development	Fund Type	2015-17 Limitation Amount
HOME Partnership Investment Program (HOME) HOME funds are awarded by HUD to develop affordable housing for low- and very-low-income households. Eligible uses include acquisition, rehabilitation, and new construction of rental housing, and operating funds for community housing development organizations.	Federal Funds	$13,621,446
Housing Development Grant Program Receipts from public purpose charges (PPC) collected by Portland General Electric (PGE) and PacifiCorp and interest earnings from the Housing Fund corpus fund this program. These grants fund construction, acquisition, and rehabilitation of multifamily properties. The program requires that resident services are incorporated with housing, and supports the match requirement for HOME program funds.	Other Funds	$7,435,233
Multifamily Housing Weatherization Fifteen percent of the PPC weatherization dollars are used for energy conservation measures in affordable rental housing development. The housing units must be in the area where the funds are collected.	Other Funds	$4,321,135
Other Multifamily Housing Grants, Loans, and Tax Credits Smaller programs that grant and loan funds to develop housing for specific populations are combined here. These include the Mobile Home Park Purchase, Farmworker Housing Development, Oregon Rural Rehabilitation, and HELP programs.	Other Funds	$1,805,000
Total Multifamily Housing Development Programs		**$127,604,519**

Single Family Housing Programs	Fund Type	2015-17 Limitation Amount
Home Owner Assistance Program (HOAP) The 2009 Housing Opportunity bill (HB 2436) increased the fee collected for the recording of certain real property documents by $15 and transfers the funds to OHCS. The fee was increased to $20 in 2013 and the additional funds are dedicated to programs for veterans. The bill requires that 14 percent of these funds be used for homeownership programs. HOAP provides funding to housing centers for pre-purchase home buyer education, financial coaching, and training. This program also provides down payment assistance to first-time homebuyers whose income does not exceed 80% of area median income.	Other Funds	$3,121,289

Single Family Housing Programs	Fund Type	2015-17 Limitation Amount
Neighborhood Stabilization Program (NSP) NSP resources provide funding for the purchase and redevelopment of foreclosed, blighted, and vacant properties for the benefit of low-income households.	Federal Funds	$1,545,826
Oregon Foreclosure Avoidance (OFA) program This program provides homeowners who are in or at risk of foreclosure with the opportunity to meet with their servicer and a mediator to discuss alternatives to foreclosure. OHCS administers the contracts for counseling and legal assistance.	General Fund	$1,440,000
National Foreclosure Mitigation Counseling Grant (NFMC) OHCS administers this federal grant to provide counseling to homeowners at risk of foreclosure. The counseling is provided through local organizations.	Federal Funds	$1,028,352
Residential Loan Program (RLP) This program utilities a network of approved lenders who originate, underwrite and finance below market interest rate residential loans for first-time homebuyers. The department invests in and purchases these loans from the lenders in its Residential Loan Portfolio..	Other Funds	$218,970,751
Total Single Family Housing Programs		**$226,106,218**

Homeownership Stabilization Initiative	Fund Type	2015-17 Limitation Amount
Oregon Homeownership Stabilization Initiative (OHSI) This foreclosure prevention program assists at-risk homeowners to avoid foreclosure through a number of activities. Known nationally as the Hardest Hit Fund program, it is funded by federal Troubled Asset Relief Program (TARP) resources from the US Department of Treasury. Only costs of administering the program are included here, as the payments to homeowners are paid through the Oregon Affordable Housing Assistance Corporation.	Other Funds	$1,750,424
Total Homeownership Stabilization Initiative		**$1,750,424**

Manufactured Communities Resource Center	Fund Type	2015-17 Limitation Amount
Manufactured Communities Resource Center (MCRC) MCRC is funded by annual assessments on manufactured homes located in parks and assessed as personal property and park registration fees from park owners. Funds are used for mediation, information, referrals, and technical assistance to manufactured home park tenants and owners.	Other Funds	$469,706

Manufactured Communities Resource Center	Fund Type	2015-17 Limitation Amount
Total Manufactured Communities Resource Center		**$469,706**

Asset Management and Compliance	Fund Type	2015-17 Limitation Amount
Asset Management and Compliance Section This section performs regular physical inspections, management reviews, and financial statement reviews of projects that have received funding from OHCS.	Other Funds Federal Funds	$3,177,802 $886,948
Total Asset Management and Compliance		**$ 4,064,750**

Bond-Related Activities and Debt Service	Fund Type	2015-17 Limitation Amount
Debt Management Section This section oversees all aspects of bond issuance and debt service payment.	Other Funds	$1,436,145
Elderly and Disabled General Obligation Bonds Proceeds from the sale of general obligation bonds, interest, fees, and loan repayments, which are used for construction or rehabilitation of units for elderly and special needs populations.	Other Funds Debt Service	$1,410,815 $98,172,043
Multifamily Housing Revenue Bonds Proceeds from sale of bonds, interest, fees, and loan repayments for construction or rehabilitation of affordable multifamily rental housing.	Other Funds Debt Service	$1,588,661 $56,442,580
Single Family Mortgage Revenue Bonds Proceeds from sale of tax-exempt revenue bonds, interest, fees, and loan repayments for first-time homebuyers. The program helps first-time homebuyers who meet certain income restrictions by offering mortgage interest rates that are below the market rate.	Other Funds Debt Service	$12,681,261 $396,834,157
Lottery-Backed Bonds Debt Service for the repayment of lottery-backed bonds which provided funding for the Community Development Incentive Fund (2001-03 biennium); permanent supportive housing for Oregon's homeless through capital development, rental subsidies, and supportive services (2007-09); and preserving multifamily rental housing (2009-11, 2011-13, and 2013-15). The Other Funds includes costs of issuance for $20 million in bonds for Mental Health housing and $2.5 million for preserving housing subsidies.	Lottery Debt Service Other Funds	$11,676,469 $429,778

Bond-Related Activities and Debt Service	Fund Type	2015-17 Limitation Amount
Article XI-Q Bonds The costs for issuing $40 million in bonds for the LIFT program.	Other Funds	$585,000
Total Bond-Related Activities and Debt Service		**$581,256,909**

Central Services

Director's Office	Fund Type	2015-17 Limitation Amount
Director's Office Administration The Director's Office provides the leadership for the Department, and includes the Director, Chief Audit Executive, executive support staff, and the Human Resources Section.	Other Funds Federal Funds	$704,004 $196,492
Housing Stability Council The Housing Stability Council consists of nine members who are appointed by the Governor. The Council advises the agency, Governor, Legislature, other state agencies, and local governments on housing issues.	Other Funds	$89,558
Human Resources and Payroll This section provides all personnel management functions for the agency, as well as contract services for other agencies.	Other Funds Federal Funds	$787,036 $219,667
Administrative Services This section is responsible for facilities management, records storage, and other administrative functions for the agency.	Other Funds Federal Funds	$524,103 $146,281
Total Director's Office		**$2,667,141**

Oregon Commission on Voluntary Action and Service	Fund Type	2015-17 Limitation Amount
Oregon Volunteers promotes and supports AmeriCorps, volunteerism, and civic engagement in order to strengthen Oregon communities. OV receives federal funding from the Corporation for National and Community Service.	General Fund Other Funds Federal Funds	$250,000 $218,682 $5,002,904
Court Appointed Special Advocates (CASA) Court Appointed Special Advocates are volunteers appointed by judges to advocate for abused and neglected children. Oregon Volunteers is responsible for administering the state funds and for providing training and technical assistance to the local programs, while working closely with the Oregon CASA Network to ensure state-wide quality standards..	General Fund Other Funds	$2,764,318 $2,498,980
Total Oregon Commission on Voluntary Action and Service		**$10,734,884**

Public Affairs Office	Fund Type	2015-17 Limitation Amount
Public Affairs Office Administration This section includes communications staff, legislative liaison, federal planning, and the agency Integrators.	Other Funds Federal Funds	$1,902,901 $531,114
Total Public Affairs Office		**$2,434,015**

Chief Financial Office	Fund Type	2015-17 Limitation Amount
Chief Financial Office Administration This area includes the Chief Financial Officer, the Budget Unit, and the Internal Auditor.	Other Funds Federal Funds	$775,433 $216,429
Finance Section This section is responsible for grant monitoring and compliance, financial reports for the agency's enterprise funds, contracts, purchasing, accounts payable and receivable, and cash management.	Other Funds Federal Funds	$1,632,631 $455,679
Information Technology Section This section develops and maintains agency information systems, provides research and data for all programs, and serves as the agency's computer Help Desk.	Other Funds Federal Funds	$1,490,560 $416,026
Department and IS Pools Agency-wide costs that are allocated to program areas. These costs include assessments and usage charges from other agencies, rent, and other operating costs that benefit all programs.	Other Funds Federal Funds	$3,048,518 $850,863
Total Chief Financial Office		**$8,886,139**

Oregon
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MEMORANDUM

TO: Margaret S. Van Vliet, Director;
State Housing Council Members

FROM: Caleb Yant, Chief Financial Officer

DATE: August 28, 2015

SUBJECT: Allocation Framework

PURPOSE

The purpose of this memorandum is to provide an update regarding the general framework the Department uses to allocate its available resources. Questions arose during the March, 2015 Housing Council meeting pertaining to the Departments ability to forecast funding availability in future years. These questions were in response to a one time increase in funding offered in 2015. During that conversation the Department indicated that a portion of the increased funding was due to a shift in allocation methodology meant to make resources available for use as quickly as possible. Specifically, the Department was beginning to commit anticipated future receipts rather than wait for revenue to be received prior to making the funding available. This memorandum is meant to provide an update on how the Department has made this change while keeping risks within tolerable levels and ensuring funding predictability in future years.

CONTROLS

The strategic framework resulting from transition planning efforts put a heavy emphasis ensuring a financially sustainable business model. Specific goals articulated for the first year resulted in new management reporting that provides financial oversight in two key areas:

- Tracking of funding streams: These reports outline the performance and availability of all funds. They provide the Department visibility and accountability regarding what each funding stream is being used to pay for, ensures accountability to the spend down rate of each funding stream, and ensures staff members across the agency agree on available and committed cash balances.

- Tracking and projections of program expenses: These reports provide transparency and predictability to the true cost of running each program regardless of the source of funding used to pay for the costs. The true costs consist of expenses directly charged to a program or any shared cost that is allocated to a program. These reports track any

EQUAL HOUSING OPPORTUNITY

subsidization received in programs and the type of funding used to provide the subsidization. They also forecast future costs, anticipated subsidization, and specify the funding that will be used to provide the needed subsidization.

The combination of these targeted reports ensures controls around the sources and uses of funding. These controls provide the Department confidence in decision making aimed at driving down cash balances while ensuring appropriately prudent fiscal policies.

FACTORS EVALUATED

The following factors are evaluated to determine the extent to which the Department can responsibly commit anticipated future revenues prior to receipt:

- Permanence of funding stream: If state funding, is it dictated by statute, rule, or other? When will the award period and/or legislation authorizing the funding end? If federal funding, what factors influence future funding levels?

- Consistency of funding stream: When is the funding received and what amount of fluctuation/predictability is there? Is there any chance of losing funding if it is not expended within a certain term?

- Timing of expenses: From the time of funds being committed, how long does it take to expend that entire commitment? Are draws on those commitments spread evenly throughout the expenditure period? How much variation exists regarding spend down rate within the expenditure period?

- Method used to allocate the funding: Is the funding offered through a competition or by formula? Are there constraints limiting the timing or frequency of competitive offerings? Are there minimum balances necessary to offer the funding through a competition?

- Reserve requirements: Are there reserves that the Department is purposefully retaining in order to be nimble in the event of a crisis situation or unanticipated opportunity that would result in public policy dictating an investment of resources?

CONCLUSION

The acculturation of new management reporting is continuing to evolve as staff and management begin to have unified understandings of the sources and uses of the Departments resources. This common understanding at all levels provides the necessary controls to ensure predictable and accurate forecasting of funding availability in future years.

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September 11, 2015

To: State Housing Council
Margaret S. Van Vliet, Director

From: Julie V. Cody, Assistant Director, Housing Finance

Subject: 2016 QAP Process Update and Discussion

As you are aware, OHCS is currently undergoing the process of revising our Qualified Allocation Plan (QAP) to guide the allocation of tax credits. In so doing we have conducted stakeholder outreach in the form of three (3) roundtable discussions; Lenders and Investors, 9% LIHTC stakeholders, and 4% LIHTC/Tax-Exempt Bond stakeholders. Attached you will find the discussion guides with the stakeholder input that was gathered at those meetings.

Based on this input, as well as feedback from our consultant who is engaged in a comparison study of our QAP, we are revising OHCS's QAP to incorporate and consolidate programmatic manuals into a single document which will be the QAP. We have also identified a number of themes that would result in possible revisions to the QAP and would request any policy recommendations from State Housing Council.

The topics/themes where we would like to focus the discussion are outlined below. There is additional information in the detailed discussion guides which are included in your packet.

issue:	**Local Priorities - Letter of Support**
input:	Competing priority letters are problematic; current process may disadvantage rural/smaller communities; local priority letters can be used as a NIMBY tool and are therefore potentially a problem.
question:	Should OHCS continue the practice of Local Priority Letters as it currently stands; or should there be a different way to ensure that projects with scarce federal dollars as awarded by local jurisdictions be given preference in some other way; or should the concept of local priorities be removed from the NOFA process?

issue:	**HOME Funding Preference**
input:	Instead of, or in addition to, a local priority letter OHCS should provide a preference to projects that have an award of participating jurisdiction (PJ) funds, similar to the point given to projects in the balance of state that request HOME funds.
question:	Should OHCS provide a preference to projects that receive an allocation of PJ funds?

issue:	**Preferences - Qualified Census Tract (QCT) / Low Poverty Census Tract**
input:	The 4 points available for projects located in a QCT or Low Poverty Census Tract disadvantages rural Oregon given they lack either type of census tract for the most part. Played a larger role than previous years in determining projects that were funded.
question:	Should OHCS look at different ways to preference opportunity areas and/or QCTs that are within a specific revitalization plan? Should the number of points currently awarded be revised?

issue:	**Preferences – Other Federal Preferences**
input:	Given that two (2) of the preferences are rarely utilized, should one (1) point be allocated to each of the preferences?
question:	Are there other ways that OHCS could utilize the federal preferences within its selection criteria, such as a Tie Breaker or less points, etc.

issue:	**Urban vs. Rural within the Same Region**
input:	Balance of State – There are a few urban centers within the Balance of State Region that is made up of mostly rural communities. Rural projects appear to be disadvantaged based on the current NOFA questions/scoring methodology.
question:	How could OHCS address the potential for disadvantaging rural communities within the Balance of State Region?

issue:	**9% LIHTC per Project Cap**
input:	Concept was brought up as part of a discussion point that the State could alternate years of awarding 9% LIHTCs to Metro and Rural projects – Not well received as a concept. However, raising the per project 9% LIHTC cap on applications did have some traction given the current cap limits the ability to build more than approximately 50 units, when projects containing 70 to 80 units are more efficient to build. Tradeoff is potentially fewer projects would be funded in a given cycle, though the number of units produced may actually be higher.
question:	Should OHCS look at increasing or eliminating the 9% LIHTC per unit cap? If so, what if any limits/restrictions could be added to ensure equitable distribution of resources?

issue:	**Basis Boost**
input:	Could OHCS offer a pre-application process to ensure whether or not projects qualify for the State's Basis Boost?
question:	How could OHCS provide more certainty of whether or not a project qualifies for the State's Basis Boost? How would Basis Boost be seen in relation to the question around increasing or eliminating 9% LIHTC per project cap?

issue:	**Affordability Period**
input:	60 year affordability was advocated for to provide OHCS a seat at the table into the future, not necessarily as a way to keep every project affordable for 60 years. Useful life of most apartment projects is 30 years, after that projects need substantial

	recapitalization. Rent levels signed up for in the beginning may not be financially feasible for 60 years, should be an opportunity to review at year 30. In the case of OAHTCs the subsidy is only available for 20 years and therefore pass through to the tenant in the form of lower rents should not be required after year 20. Affordability Period dictates compliance monitoring requirements.
question:	Should OHCS modify its Affordability Periods on its various programs?

issue:	**Operating Expenses and Replacement Reserves**
input:	Operating Expenses - Setting a guideline may not be beneficial. Look more at actuals or portfolio performance to determine an appropriate standard. Replacement Reserves – One size fits all is not realistic – for example higher for family large family projects, lower unit projects, and historic rehabs.
question:	How should OHCS review Operating Expenses and Replacement Reserves during the underwriting process?

issue:	**Developer Fee**
input:	Potentially developer fee should be different in 9% LIHTC and 4% LIHTC/Tax-exempt Bond transactions. Sponsors are looking for clarity around OHCS policy on how to calculate developer fee. 15% of total project cost is not a safe haven in determining reasonable developer fee.
question:	

issue:	**Social Equity**
input:	New Market Tax Credits identify target areas that are broader than individual QCTs based on meeting several criteria. Seems like there are multiple objectives in terms of prioritizing investment in opportunity areas, struggling neighborhoods, and gentrifying neighborhoods. Current criteria too limiting (QCT or Low Poverty Census Tracts). Fair Housing and programmatic regulations require units to be available to all populations, but also require marketing to protected classes.
question:	Are there other ways/data that could be utilized to get at the multiple objectives in terms of prioritizing investment?

issue:	**Resident Services**
input:	Should there be different tiers of services based on different target populations? Clarity needed around the intent/desired outcomes of resident services. Services feel like an unfunded mandate, especially if cost is not allowed above the line. Rural Development projects are not allowed to have resident services in the operating budget.
question:	**Staff will walk through a more in-depth discussion around Resident Services after the initial conversation around the topics/themes above.**

Next Steps:

September 18, 2015 – Final Stakeholder Roundtable to complete the discussion on the 9% LIHTC program, and provide an update on input received from State Housing Council and our consultant.

October 2, 2015 – State Housing Council will review draft 2016 QAP and determine if it is ready to be published for public comment.

November 6, 2015 – If 2016 QAP public comment period commenced October 2nd, State Housing Council will see public comment and determine whether or not material changes are recommended. If not, Council will take action to refer the 2016 QAP to the Governor for signature. If so, changes would be made and an additional 30 day public comment period would be opened.

December 2015 – If material changes were made and an additional public comment period opened, after public comment period has closed, State Housing Council would need to repeat steps in the step listed for November 6th. This may require a change in the December Council Meeting or a telephone conference to allow for the 30 day public comment period.

January 2016 – Release 2016 9% LIHTC NOFA based on the 2016 QAP.

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Governor Kate Brown

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September 3, 2015

2016 Stakeholder Outreach:
Lender and Investor Roundtable – July 30, 2015

Oregon Housing and Community Services (OHCS) is looking forward to the 2016 - 9% low income housing tax credit (LIHTC) funding round, as well as further developing its 4% LIHTC program. As a result of the stakeholder outreach efforts, as well as engaging Novogradac & Company LLP to perform a comparative program analysis, we anticipate that there will be recommended changes to the state's Qualified Allocation Plan (QAP).

The guiding principles that OHCS is seeking to utilize throughout this process are:

- Clarity – We are looking to continually improve our funding processes to be ***clear*** to all stakeholder participants as to the eligibility requirements and desired policy outcomes.
- Consistency – We are seeking to provide ***consistent*** responses to all stakeholder participants and apply standards ***consistently*** across all applications for funding.
- Predictability – Our goal is to have a ***predictable*** funding cycle with respect to timing and criteria.

BACKGROUND

The state of Oregon has recognized the large need for affordable housing in all its communities, both urban and rural. Over the past three years, OHCS has been transforming its competitive 9% LIHTC process from the Consolidated Funding Cycle (CFC) to a Notice of Funding Availability (NOFA). This was accompanied by a rewrite of our QAP, Oregon Administrative Rules (OAR), and program manuals. The focus was to provide as much flexibility as possible throughout all of our documents.

The outcome of this approach has been mixed. Though flexibility can be valuable, our 9% LIHTC program has not provided adequate goal posts, if you will, to provide the clarity and predictability that LIHTC project sponsors are accustomed. Therefore OHCS has engaged Novogradac & Company LLP to perform a third-party comparative study of Oregon's 9% and 4% LIHTC programs against ten other states. The study will be utilized to recommend changes to our current practices including changes to the QAP, OARs, program manuals, etc. We are looking to incorporate best practices and add clarity to our programs.

OHCS is limited in funding 9% LIHTC projects based on the amount of annual credits the state is allocated by the federal government. Consequently we are looking to more formally develop a 4% LIHTC program that can be utilized to fund additional units. This raises the question whether or not there

should be different programmatic standards from one program to the next? If so, what should be the same and what should be different?

WHY WE ARE HERE TODAY

We are looking to engage with the LIHTC Lender and Investor communities to get a better understanding of the inherent challenges, and where there may be alignments, between the numerous funders in LIHTC projects. The desired outcomes are to

1. Have a better overall understanding of the considerations various funders have when participating in an affordable housing project;
2. Understand where there is alignment across funders and where there may be differences; and
3. Recognize whether or not the various funders apply different standards for underwriting to 9% LIHTC projects and 4% LIHTC projects.

It is safe to say that all funders have the same overall outcome in mind when determining to fund a LIHTC project – The successful development and on-going operation of new, or rehabilitation of existing, affordable housing units for the benefit of low income residents.

Having a better understanding of the things that drive each of the funding groups may be helpful in gaining additional perspective and focusing the dialogue where differences are encountered.

OHCS DRIVERS

There are two (2) main things that drive how OHCS looks at any LIHTC transaction:

1. Affordability – OHCS views an award of LIHTCs as purchasing affordability for the period of time that is outlined in the land use restrictive covenants.
2. Subsidy Layering – As the State Housing Finance Agency, OHCS has the fiduciary responsibility to ensure that the amount of subsidy that is being provided to a project is appropriate for the project's financial viability for the entire affordability period and that the project is not over subsidized based on the scope of work and accompanying sources and uses available.

In an attempt to meet our policy objectives and regulatory requirements we are looking at a number of our programmatic policies and procedures. First and foremost is our **Affordability Requirements**.

topic:	**Affordability Period**
question:	What is the appropriate affordability period for all OHCS programs given the subsidy that is being provided to a project?
currently:	60 year standard on all programs, with the exception of 4% LIHTC which is currently 30 years.
issue:	Projects are often seeking recapitalization with additional OHCS resources prior to the end of the affordability period. May be a sign that the affordability period is too long.
other states:	Many states set 30 years as the affordability period for LIHTC projects, understanding that for 9% LIHTCs there is a federal preference if the project sponsor were to elect a longer affordability period.

recommendation:	HOME; 30 years OAHTC; 20 years LIHTC (All); 30 years WX; 10 years GHAP/HDGP; 30 years HELP; 10 years
mtg notes:	✓ Would they get additional points in the app for going further – yes; there would be some form of limit as to when they could come back for recapitalization. ✓ Might want to look at what restrictions occur in year 30 / ability to revisit the incomes served in order to remain viable as affordable housing

Secondly, in furtherance of our drivers, we are looking at our Underwriting Guidelines. It is our hope that we can set some guidelines and/or standards that can be used in an underwriting "lite" process that can be utilized for both 9% and 4% LIHTC transactions. The thought here is that if a project fits between specific ranges as outlined in the guidelines that the project would not require extensive analysis on the part of OHCS to determine financial viability and subsidy layering. The target for OHCS guidelines would be that they should:

- Provide for sustainable projects throughout the affordability period; and
- Be aligned with standard operating guidelines of other industry funding partners.

topic:	**Underwriting Guidelines**
question:	Should the Underwriting Guidelines be the same for 9% and 4% transactions when analyzing for financial viability and subsidy layering?
currently:	OHCS's underwriting guidelines are consistent for all programs offered.
issue:	OHCS has been questioned as to the level of underwriting being done on 4% LIHTC transactions.
other states:	Obtaining third-party comparative study against 10 states that may help inform this question.
mtg notes:	May want to look at higher DCRs in 4% LIHTC/Tax-exempt Bond transactions
recommendation:	

topic: **Underwriting Guidelines**

question: What recommendations would this group provide to OHCS with respect to setting underwriting guidelines?

Standard	OHCS Current	Recommendation
Vacancy Rate	7%	7% as a standard, but can vary depending on the specific transaction; 5% on rent subsidized units
Escalation Income & Expenses	2% Income/3% Expenses	Income may be growing slower – based on 10 year trend of AMI in the

		county where the project is located
DCR	During the 1st 20 years: 1.20 w/replacement reserves 1.15 w/project based rental assistance	Generally same targets, but specific project underwriting plays a role in the sizing of the permanent loan.
Rent Levels	10% below market rents	
Operating Expenses	$4,500 per unit per year, excluding replacement reserves	$4,900 per unit per year, including replacement reserves is average, but not how it's underwritten
Expense Ratio	N/A	
Management Fee		5%-7%, typically 6%
Tenant Services		

mtg notes:

- ✓ If there is a mix of subsidized and unsubsidized; looking at the revenue a combination of 5 and 7%
- ✓ Anything around 20 units 7% vacancy is just one unit; small project underwriting is different
- ✓ The more restricted the project is as to target population or other set-asides, the higher the vacancy rate
- ✓ Why would the state put a generic guideline on operating expenses? There are typical expenses, but all deals and geographies are different, family units will be higher while senior units may be lower. Appraisals are not utilized in the underwriting process to determine appropriate expenses. Investors and Lenders are looking at their portfolios of loans and investments to determine appropriate expenses through a comprehensive analysis
- ✓ Operating expense shifts on acquisition/rehabilitation projects are not anticipated to be more than 10% savings depending on the transaction and historic project performance. Any shift greater than 10% raise flags
- ✓ HUD requires utility analysis
- ✓ Assumptions around escalation – expenses always seem to escalate at 3% or more, but income doesn't actually escalate at the assumed 2%; being realistic about income escalation makes a difference in looking at viability over the long term. A number of counties only escalate 0.5% and underwrite accordingly - -2% increase may be out of alignment with what is actually possible.
- ✓ Look at a 10 year trend for local area AMIs; try to see if they can find any cushion to be able to raise rents if needed
- ✓ Seems like most important is if the perm loan is adequately sized
- ✓ Resident services mean very different things to different sponsors / projects. Seeing a lot building services into the operating line; though RD does not allow that. Lenders and Investors require above the line for certain target populations, such as disabled populations where the services are integral to the success of the resident and project.

topic:	**Underwriting Guidelines**
question:	• Are there differences between Lenders and Investors with respect to basic underwriting guidelines? If so, what? • Are different underwriting guidelines utilized for 9% LIHTC and 4% LIHTC transactions?
Issue:	It would be helpful to understand the basic underwriting guidelines utilized by other funders that help to ensure the financial viability of LIHTC transactions. Where those guidelines align with OHCS's, and where there may be differences and why.

Standard	Current Market Standards for Lenders/Investors
Vacancy Rate	
Escalation of Income & Expenses	
DCR	
Rent Levels	
Operating Expenses	
Expense Ratio	
Management Fees	
Tenant Services	

notes:	Notes incorporated in the Underwriting Guideline table above.

For purposes of reviewing applications it would be help to have an understanding of current market loan terms.

topic:	**Primary Debt Loan Terms**
question:	What are the typical terms of the loan provided by the primary lender?

Standard	Current Market Standards for Lenders
Interest Rate	100 BP cushion over current rate
Term	18 years
Amortization Schedule	30 years
Requirements to Convert from Construction to Permanent Debt	90 days stabilized at the underwritten DCR
Construction Loan Fees	1.0% – 1.5% of loan amount with minimum $7,500 floor
Permanent Loan Fees	
Other	

mtg notes:
- ✓ Look at something like a 100 basis point cushion in underwriting
- ✓ HUD side it is fixed; will put 50 basis cushion on those that are depending on debt cover

- ✓ HUD follows treasury; 275 basis points over 10 year treasury rates
- ✓ Investors don't want the term to be shorter than 18 years; don't want to still be in the deal when they need to go back to refinance
- ✓ Fees can be charged all up front or at conversion, depends on the deal

It is important for all funders to understand the potential impacts to sources and uses when equity pricing changes during the pre-closing process. To that end, we have provided our current thinking as it pertains to changes in equity pricing.

topic:	**Tax Credit Pricing**
question:	• How to set equity pricing for financial viability of a LIHTC application? • What do you do when the amount is different at time of closing?
currently:	OHCS relies on the sponsor to estimate the credit pricing in their application. It is evaluated for reasonableness based on type of transaction, location, and recent closings. Main concern when equity increases without a corresponding increase in construction costs revolves around the subsidy layering analysis. If pricing is higher at closing, OHCS is looking for the additional source to be spent on one or more of the following: • Items valued engineered out of the project between application and closing; • Additional reserves if appropriate; and/or • Cash developer fee is under the "rule of thumb" If costs have not risen, then OHCS would look at the following: • Potential reduction of other grant funds provided by OHCS; • Lower primary debt that could support lower rents being charged; Main concern when equity decreases is that if the project competed in the a 9% LIHTC NOFA, that the project is substantially the same as the one described in the application. If pricing is lower at closing, OHCS is looking at the following gap fillers: • Some level of value engineering; • Sponsor Equity; • Funds from other gap lender; and/or • Increasing deferred developer fee
issue:	In 9% LIHTC applications the tax credit pricing used by the sponsor is conservative given the early stage of development. Typically, the pricing is higher at the time of closing. Same can occur in a 4% LIHTC transaction.
mtg notes:	Build partnership management fee of 5% into the transaction; not shown able to be paid consistently, but gives room to be able to pay if cash flow is available Discussion of projects taking money out of the deal / developer fee etc; differing

	perspectives from the state Lenders appear to be closer aligned with OHCS than investors given the refinance risk sometime after year 15. Suggestion to see what other states do; not sure that there is as much concern elsewhere about the over subsidization question Reserves can be a good thing in terms of making sure the project is feasible long term; operating reserves can be an asset to provide for a refinance / soft landing.

In addition to the federally required basis boost, OHCS has identified criteria for a state designated basis boos that can bring additional equity to the funding structure.

topic:	**State HFA Designated Basis Boost**
question:	What types of projects have OHCS designated as being eligible for the state's designated basis boost?
currently:	• Involves acquisition or rehabilitation of preservation projects with at least 25 percent of the units having federal project-based rent subsidies • Projects serving permanent supportive housing goals • Projects located in an area where workforce housing needs are identified or community needs show a preference for the housing in the area • Projects located in Transit Oriented Districts or Economic Development Regions as designated by local governments, or projects in a designated state or federal empowerment/enterprise zone or Public Improvement District (PID's), or other area or zone where a city or county has, through a local government initiative, encouraged or channeled growth, neighborhood preservation, redevelopment, or encouraged the development and use of public transportation. • Projects that result in the de-concentration of poverty by locating low-income housing in low poverty areas, which are Census Tracts where less than 10 percent of the population lives below the poverty level.
meeting notes:	It was suggested to allow the state basis boost in 4% LIHTC transactions. We are not able to do this given federal program regulations. Difficult to develop areas are now going to be by zip code and not by county. May have positive and negative impacts on project currently in the pipeline.

In addition to OHCS underwriting guidelines; there are other standards for construction and contingencies in place to ensure adequate sources for projects through the construction period. It is important for these to be somewhat aligned with the other funders involved in a transaction.

topic: **Construction Standards**

question: What recommendations would this group provide to OHCS with respect to construction standards?

Standard	OHCS Current			NOTES
Green Building Features	A green building standard of construction must be met, with the exception of projects funded exclusively with bond and/or 4% tax credits. Certification of compliance must be provided.			
ADA and Visitability	ADA must be met, and all new construction must meet Visitability policy in Oregon statute.			
Cost Containment	Threshold in 9%; excludes acquisition cost			
		Metro	Balance	
	0 Bdrm	$200,000	$145,000	
	1 Bdrm	$222,000	$180,000	
	2 Bdrm	$272,000	$220,000	
	3 Bdrm	$306,000	$260,000	
	4 Bdrm	$325,000	$275,000	
Rehabilitation Level	Minimum as outlined by IRS Preference is $30,000 per unit			Seems reasonable; Thinks Washington has a floor Will go as low as $20k
CNAs	All rehab requests must have CNA which thoroughly assesses maintenance, repair, and health and safety issues in addition to considering longer term physical needs and replacement reserve analysis.			
Soft Costs	30% of Total Project Costs or less			
Hard Cost Contingencies	New Construction: 5%			Seem right where they

	Rehabilitation: 10%	are; historic rehab often increases costs based on the specific situation
Soft Cost Contingencies	All Projects: 5%	Normally assume 2% (on bond deals) See them in almost every deal
Payment & Performance Bonds	Nice to have, but not required	
notes:		

OHCS is looking to better understand how Lenders and Investors view Developer Fee and the typical payout from transaction closing; through construction; lease-up; issuance of IRS Form 8609; and how they view deferred developer fee to be paid from project cash flow.

topic:	**Developer Fee**		
question:	What recommendations would this group provide to OHCS with respect to developer fee?		
	Standard	**OHCS Current**	**Recommendation**
	Total Developer Fee	Cannot exceed 15% of Total Project Costs less capitalized reserves, and requested developer fee.	Can this be adjusted if it's a high-demand project?
	Cash	Rule of thumb – minimum of 50% of the fee should be in cash between closing and stabilization.	
	Deferred	Deferred fee should be shown to reasonably be expected to be paid by year 12.	
notes:			

In an attempt to better understand the perspectives of other funders and how they mitigate risk, we would like to understand what types and level of reserves the lender and investor community require on LIHTC transactions and under what circumstances they are released.

topic:	**Reserve Requirements**		
question:	What recommendations would this group provide to OHCS with respect to setting reserve requirements or standards?		
	Standard	**OHCS Current**	**Recommendation**
	Replacement Reserves (new consruction)	Seniors: $300/unit/year All Other: $350/unit/year Required to go with the property in the case of a	Higher on large family units and rehabilitation projects

	transfer.	
Capitalized Operating Reserves	Not required – Generally capped at six (6) months of operating expenses, unless satisfactory rationale is provided	Typically includes debt service
Capitalized Debt Service Reserves	Not required – If required by Lender or Investor, must provide satisfactory rationale for requiring	
Other Capitalized Reserves	Not required – If required by Lender or Investor, must provide satisfactory rationale for requiring	

notes:

topic: **Reserve Requirements**

question:

- Are there differences between Lenders and Investors with respect to reserve requirements? If so, what?
- What types of reserves are required on a typical 9% LIHTC transaction?
- What types of reserves are required on a typical 4% LIHTC transaction?
- Are there other types of capitalized reserves required under other circumstances?
- Are there restrictions on spending the reserves? If so, how can the project access the reserves when needed?
- Are reserves released to the general partner/managing member within the first 15 year compliance period? If so, when (i.e., date specific; when benchmarks are reached; etc.)?

Issue: It would be helpful to understand the backstops in place that help to ensure the financial viability of LIHTC transactions.

Standard	Current Market Standards for Lenders/Investors
Replacement Reserves	
Capitalized Operating Reserves	
Capitalized Debt Service Reserves	
Other Capitalized Reserves	

notes: Ensure there is reserve spend down language so that sponsors have the ability to spend down the reserve balances prior to exit of the investor at or around year 15.

It is important to understand how each funder utilizes the various studies required.

topic:	**Market Studies/Appraisals/Valuation Considerations**
question:	• Do Lenders and Investors require separate Market Studies and Appraisals? • If so, what is the primary purpose of each in the underwriting process? • What values are important to the various project funders?
currently:	OHCS requires a FIRREA appraisal and market study, though the market study components may be included in the appraisal. OHCS utilizes the market study information to ensure there is adequate need in the area and anticipated LIHTC rents are below market. OHCS utilizes the appraisal to determine acquisition credit, if applicable, and provides a data point for anticipated expenses.
mtg notes:	Do our own market study; rely on the appraisal from the developer / construction appraisal (there are some specific things that they look for). Do internal market study; know that deferred maintenance impacts value & there's question about what is considered deferred (immediate vs nice to do elements) Do not look to appraisal for expenses – existing portfolio is better source of how projects will operate going forward. HUD looks at loan to cost for some programs Acquisition basis determined from appraisal Restricted vs unrestricted value;

topic: **Other Issues**

AMI relief if Section 8 goes away to ensure fiscal viability.

Flexibility over incomes served in the long run will have an impact on long term viability

Look at transfer language associated with investor to an affiliate – to allow without consent.

Add " not unreasonably withheld" to the transfer language requiring OHCS approval.

Look into Treasury requiring trustees on private placements on 4% LIHTC transactions.

Opportunity – NOAH – Create a shared pool for operating reserves so that large reserve balances are not being built up in every project. (Investors to keen on the idea).

Keep up on potential market change related to relocation expenses not being allowed in basis going forward.

notes: Sponsor Capacity – Need to more clearly define what adequate capacity looks like.

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September 3, 2015

2016 Stakeholder Outreach:
9% LIHTC Roundtable – August 10, 2015

Oregon Housing and Community Services (OHCS) is looking forward to the 2016 - 9% Low Income Housing Tax Credit (LIHTC) funding round, as well as further developing its 4% LIHTC program. As a result of the stakeholder outreach efforts, and engaging Novogradac & Company LLP to perform a comparative program analysis, we anticipate that there will be recommended changes to the state's Qualified Allocation Plan (QAP).

The guiding principles that OHCS is seeking to utilize throughout this process are:

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- Predictability – Our goal is to have a ***predictable*** funding cycle with respect to timing and criteria.

BACKGROUND

The state of Oregon has recognized the large need for affordable housing in all communities, both urban and rural. Over the past three years, OHCS has been transforming its competitive 9% LIHTC process from the Consolidated Funding Cycle (CFC) to a Notice of Funding Availability (NOFA) process. This was accompanied by a rewrite of our QAP, Oregon Administrative Rules (OAR), and program manuals. The focus of this effort was to provide as much flexibility as possible throughout all of our documents.

The outcome of this approach has been mixed. Though flexibility can be valuable, our 9% LIHTC program has not provided adequate desired goals and outcomes to provide the clarity and predictability to which LIHTC project sponsors are accustomed. OHCS has engaged Novogradac & Company LLP to perform a third-party comparative study of Oregon's 9% and 4% LIHTC programs with ten other states. The study will be utilized to recommend changes to our current practices including changes to the QAP, OARs, program manuals, etc. We are looking to incorporate best practices, and add clarity to our programs.

WHY WE ARE HERE TODAY

We are looking to engage with the 9% LIHTC stakeholders to get a better understanding of perspectives, recommendations, and feedback about how the competitive process and policies impact project design and implementation. The desired outcomes are to:

1. Develop a better overall understanding of the impact of various competitive criteria and their potential unintended consequences when applying for 9% LIHTC in the NOFA process;
2. Recognize there are challenges for rural projects when competing against those located in more urban areas of the region and identify ways to address these challenges;
3. Identify where financial guidelines pose challenges when they are not aligned with outside requirements; and
4. Understand where there is and is not clarity throughout the process.

Unfortunately, OHCS is routinely able to only fund one out of three or four projects, depending on resources, which apply for 9% LIHTC funds. This inherently stresses the competitive process and makes it critical for the competitive structure to measure the right aspects of projects effectively and appropriately. A successful development should allow for the on-going operation of housing units for the benefit of low income residents in a way that furthers statewide and local efforts and reduces the need for additional subsidy in the future.

A better understanding of the challenges, good ideas and feedback from stakeholders who participate in this competitive process will allow OHCS to improve the measures and standards that are implemented in the upcoming NOFA.

OHCS DRIVERS

There are a few things that drive how OHCS awards credits:

1. Competitive Process: Given that the need for affordable housing in the state of Oregon far exceeds the currently available resources, as well as the federal mandate that the state have a qualified allocation plan that sets forth how the 9% LIHTCs will be awarded., it is important that OHCS be clear regarding what policy initiatives, project characteristics, and outcomes are valued in the process.
2. Affordability: OHCS views an award of 9% LIHTCs as purchasing affordability for a period of time that is outlined in the land use restrictive covenants.
3. Subsidy Layering: As the state's Housing Finance Agency, OHCS has the fiduciary responsibility to ensure that the amount of subsidy being provided to a project is appropriate for the project's financial viability for the entire affordability period and that the project is not over-subsidized based on the scope of work and accompanying pro forma.

DISCUSSION GUIDE

What follows is a listing of topics for discussion; identifying overarching questions and known issues with spaces for participants and staff to take notes about experiences and recommendations for each topic.

The competitive elements aim to provide a means to rank projects against understood goals; and therefore act as the basis for funding decisions. It is critical that these elements provide adequate guidance, be weighted in a way that responds to identified priorities, and be effective in the ranking process.

topic:	**Need & Impact Competitive Scoring**
question:	What is the reality of the impact of the competitive scoring weights?
currently:	15% Need 40% Impact 15% Preferences (federal) 15% Financial Viability 15% Capacity
issue:	Those elements with the greatest weight and greatest variability in score have the most impact on the final rank of projects. OHCS intent was that impact to the community and the low income residents were weighted the highest; we learned in the 2013 NOFA that applicants provide the most complete information on the elements that are scored.
unintended consequences:	- Preferences play a large role in determining project rank (specifically location in a Qualified Census Tract (QCT)/deconcentrating poverty). - Resident Services has no specified differentiation between urban/rural.
stakeholder input:	- Opportunity Areas should play a role - Impact is only a prediction vs a known of data yet it has more points attributable in the application, where need and preferences are known commodities. - Underserved Geography; looks at all affordable housing instead of housing to serve a specific population type, should OHCS be taking specific target populations into consideration, or is this captured elsewhere? - Fair Housing and Disparate Impact should be built into need; often difficult in rural areas where the populations / trends look different - Impact criteria for communities that do not have sophisticated planning efforts should be different / acknowledge these differences. Smaller/Rural communities are disadvantaged by the application questions and scoring. - Rural criteria for impact should be based on an analysis vs a plan - Difficulties for Rural Settings within the Metro / PJ regions to compete within region. Should this be addressed in the application process? - When regions contain both urban centers and rural communities should there be a differentiation in the application that allows all areas to compete on an even playing field – application questions and/or scoring? - Financial Viability should get more weight – it is important that the funded projects stand the test of time - Being sited in a QCT is over-rated, understanding that there is a federal

	preference for projects located in QCTs, the points attributable may be too high based on other factors. - Historic location and Eventual Tenant Ownership is so rare, should those really merit a point out of the 100? - In some ways the Balance of State Region is most competitive because it doesn't have the PJs effectively limiting the number coming forward with requests / Portland for example has not opened its funding rounds in order to best line up with the state - Should Acquisition Rehabilitation projects have a different application than New Construction Projects given the need to preserve the affordable housing units that the state currently has, similar to the Preservation application?
recommendation:	

topic:	**Regions**
question:	- Do the current regions work, or should they be revisited? - Should all regions be funded every year, or should different cycles be used?
currently:	Metro: Clackamas, Multnomah and Washington Counties Non Metro Participating Jurisdictions: Salem/Keizer, Eugene/Springfield, Corvallis Balance of state: Balance of Oregon
issue:	Appears to be working very well. An identified trend is showing that very few projects get funded outside of the urban areas in the Balance of State. Potential exists for all funded projects in a region to cluster in a particular jurisdiction.
stakeholder input:	- In some ways the balance is most competitive because it doesn't have the PJs effectively limiting the number coming forward with requests / Portland for example has not opened its funding rounds in order to best line up with the state - Alternate cycles; if allocating based on need, regions wouldn't naturally fall to a 50 / 50 split, what would you do about that? - Alternate cycles; if a project is not funded in one year, they are out for 2 years and unable / unlikely to hold onto land for that long time period to be able to apply for funds again - Alternating years could create a timing problem with funding from RD / HUD / PJs - Alternating years could exaggerate capacity issues for contractors / developers - Alternating years may result in missing a window for preserving a project - Alternating years could mean less competitive projects get funded because you're

	funding more - Cap increase might make sense, though result in fewer projects - Funding multiple times a year would result in project applications getting a 'pre-flight' and reduce work in each cycle, understanding that the same number of projects would still be funded annually. - RADs were really helpful in providing insight about what is going on in Regions such as planning efforts. They were also helpful in providing technical assistance in putting projects together. - If regions work for the most part, then change scoring or application so that rural projects compete better against other areas within the region; if Scoring is working for the most part, then change regions so that rural projects compete better. - Rural criteria should be based on an analysis if impact vs plans
recommendation:	

topic:	**Local Priorities**
question:	How to prioritize those projects that are most desired and supported by local jurisdictions?
currently:	Projects are given points in the competitive application for new / acquisition rehab projects if they provide a priority letter from a county, city (if population over 10,000), tribal council, or participating jurisdiction.
issue:	This scoring could mean that more than one project in a specific city could receive full points for being a local priority. - Given that most all projects are able to obtain a letter of top priority, how can OHCS better understand what local priorities are? - Should preservation projects also be required to submit a priority letter?
stakeholder input:	- Restricting the population size of the city that is able to write a letter is limiting in rural areas - Letters can be used as a NIMBY tool – BEWARE - NIMBY potentially a problem - Why have local planning if it's not valued at the state - PJs work to vet their priorities against local efforts; if a PJ awards a priority letter it is meaningfully connected to the PJ priority efforts - Priorities are subjective, does a disservice to place undue credence on local priority letters

	- Score point should be deeper than a letter; also include money, local vetting, etc, - RADs used to act as a conduit for connections and sharing what was going on locally, and what the state was looking for - Competing priority letters are a problem - 1 point difference is important if it results in not getting funded
recommendation:	

topic:	**HOME Preference**
question:	Should preference be given to projects funded with participating jurisdictions HOME dollars?
currently:	Projects in the Balance of State that are using state HOME dollars receive a one point preference.
issue:	Should participating jurisdictions be treated the same as projects in the Balance of State?
stakeholder input:	- PJ HOME and CDBG projects should be priorities. They go through a local competitive process and not prioritizing those projects may mean risk losing that federal subsidy that is utilized to gain additional affordability and fill gaps in development budgets. - If Balance of State projects can also leverage HOME by applying for it, then is it really apples to oranges to have them in the same region? Can't they compete? - If state and PJ criteria matched, then it wouldn't be an issue; how do they line up? - Should allow and encourage all types of leverage
recommendation:	

topic:	**State Initiatives /Priorities**
question:	- Would it be helpful for OHCS to prioritize specific policy directives or initiatives versus allowing any stated initiative to be prioritized? (Would your answer differ for future funding years; 2016 or 2017?) - If the answer is to be broad, then what can OHCS do to provide guidance to applicants about what projects can do to get the most points in the application? - What do you see as the biggest housing need in the communities that you serve? - How long should priorities be in place?

currently:	Competitive Applications ask applicants to identify any state initiative that their project serves to further
issue:	Would it allow for greater impact and predictability if focused on specific issues / initiatives; how would those initiatives be identified and what would the timeline be for letting applicants know the focus for future funding rounds? For example any project funded under the LIHTC NOFA would meet the Healthy People objective in the State's 10 year plan that provides for all Oregonians to have safe, decent, affordable housing. So would points be awarded for that initiative?
stakeholder input:	- Would need year in advance heads up if targeting specific groups in upcoming NOFA - More specific target populations, geographic areas, and/or plan alignments would add clarity to the overall process - Less ambiguous is good, but should add/ keep flexibility; there are changing markets and needs and PJ goals can change. Setting things in stone in the future rounds would be a problem in responding to these changes. - If they are priorities then they should be things that the state has money committed in and are actually investing in addressing that stated need - Avoid using 'flavor of the day' target populations / project types - Regional priorities vs statewide, should involve the local jurisdictions - All Preservation projects would look different - Units that serve 30% are consistently the highest need for affordable housing – that should be the priority - Determine how integrators can access and include developers in their work across the state - Information and best practices sharing and talk of partnership design would help - Community Action Agencies are in every community and would be a point of connection for developers
recommendation:	

topic:	**Local and Regional Plans**
question:	How should OHCS encourage local developers to form meaningful partnerships with local efforts such as Regional Solutions Teams, Coordinated Care Organizations, Early Learning Hubs, and/or Workforce Investment boards?

currently:	Competitive Applications ask applicants to identify how the project advances priorities laid out in existing plans.
issue:	Some regions have more robust regional and local planning efforts underway.
stakeholder input:	- Rural areas should base these points on an analysis vs a plan, as they don't exist - RADs used to provide context and information about efforts in the community - Where no plans exist, OHCS should step in to create and facilitate them - Need an Extreme Need category for jurisdictions that don't have plans - Consolidated Plans are vague and not informative - State Plans should justify local efforts
recommendation:	

topic:	**Resident Services**
question:	- Are there different avenues to maximizing the scoring for different target populations? - How do we ensure that projects are not at a disadvantage due solely to availability of resident service providers and/or funding sources?
currently:	- Competitive Applications ask applicants to explain how the resident service package is appropriate for the target population in the proposed project, along with the anticipated outcomes. - How the proposed project maximizes expertise and connections to best serve the target population. - How the resident services package will be funded.
issue:	- Some regions have more availability of resident service providers than others. - Within the Balance of State Region, there are differences between urban centers and rural Oregon with respect to availability to services which may put Rural Oregon at a disadvantage. - Projects with Rural Development rent subsidy do not allow an operating line item for resident services which may put these projects at a disadvantage.
stakeholder input:	- Should tier resident serves: - Families don't need much; financial counseling / IDA / Homeownership - lowest incomes more services - Special needs, specific service needs - Eviction prevention programs help all properties / residents

	- Clarity needed around the intent of resident services - Money should be brought to resident services, currently feels like an unfunded mandate - Small unit dedication / how to master lease to service provider / should not be left up to housing owners to provide services - Resident services plan should be simplified and used as a threshold and the complete one worked up in collaboration after a funding award - Dynamic and In Depth services make a concerted impact on all types of residents - Difference between Housing and Housing Stability - Outcomes are above / beyond service provision and are costly - Funding stability is a big issue when signing up to provide in-depth resident services.
recommendation:	

topic:	**State's Basis Boost**
question:	What clarity or tools do applicants need to feel comfortable that they are eligible for one of the State's identified basis boosts if they are using a basis boost in the pro forma?
currently:	There is no formal preapproval process.
issue:	There is a potential that the project does not meet the criteria for basis boost and therefore there would be a gap in the project pro forma.
stakeholder input:	- Pre-Flight / Pre-App for Basis boost (ideally 6 months ahead of time) - Can the state make state basis boost available to all by stating it in the QAP?
recommendation:	

topic:	**Social Equity**
question:	- What are the ways OHCS and the affordable housing industry can work to ensure opportunity for historically disadvantaged population groups? - What of these activities could be prioritized in the LIHTC NOFA?
currently:	OHCS provides preferences for projects located in either opportunity areas (low poverty census tracts) or qualified census tracts (high poverty census tracts).

	Besides these place-based strategies, the process does not currently speak directly to "people-based" strategies to strengthen opportunities for under-served populations
issue:	- There continues to be fair housing violations and disparate impacts in the housing system, demonstrating the need to consider new avenues to serve historically disadvantaged groups and to affirmatively further fair housing throughout the state.
stakeholder input:	- What data is available to identify racial equity / access; perhaps this could become part of the Need score? - New Market Tax Credits identify target areas on a Census Tract Level based on meeting several criteria; does the new ruling come with any of those standards? - This would play out very differently in urban vs rural areas - Seems like there are multiple objectives in terms of prioritizing investment in affluent neighborhoods, struggling neighborhoods, gentrifying neighborhoods - Currently target high and low poverty areas and areas of opportunity / location in proximity to health/education/food - OHCS needs to look at neighborhoods to provide guidance about where to invest from a social equity perspective - Low Poverty Census Tracts seem black/white, is it possible to score that in tiers where you get the most points below 10% but you can still get some points if you're between 10-15% for example - The goal is to integrate communities, to invest in communities that have been dis-invested - Displacement could be in Impact scoring; along the lines of asking if the project is serving the historically disadvantaged, given there are so many definitions and ways that plays out locally leaving it open ended would be best - Displacement is part of the bigger picture so perhaps Impact is the place where that exists - Displacement could also be a part of preference like QCTs are - Need to be really careful about fair housing, marketing to all - Various regulations about access need to be reviewed in order to make sure there aren't violations - Fair Housing and programmatic regulations require units to be available to all populations, but allow aggressive marketing to protected classes.
recommendation:	

In an attempt to meet our policy objectives and regulatory requirements we are looking at a number of our programmatic policies and procedures. First and foremost are our Affordability Requirements and Restrictive Covenants.

topic:	**Affordability Period**
question:	What is the appropriate affordability period for all OHCS programs given the subsidy that is being provided to a project?
currently:	60 year standard on all programs, with the exception of 4% LIHTC which is currently 30 years.
issue:	- Affordability period does not always align with the timeline of the resource subsidy (for example: OAHTCs go away after 20 years at which point the subsidy that lowers the rent no longer exists in the project). - 60 years is not within the useful life of a multifamily housing project. - Other funders worry about the ability to change the extended use agreement over a 60 year period of time.
stakeholder input:	- 60 year affordability keeps the public agency at the table, don't need to reinvest in each - Perhaps the 60 years could be presented in a more nuanced fashion / keeping the state involved but not expecting it to sustain for 60 years without renewed investment - 30 years is long enough - More than 30 years is beyond the useful life of the project - There is need; should not expect to continue to invest in new housing it is going to keep getting more expensive to build, preserving currently funded projects affordable is going to be more cost effective - Should develop a preservation trust/reserve that can be used to reinvest in these funded projects - Should evaluate the economic sense and impact of a preservation reserve, not sure if that makes sense and that it wouldn't get tapped to fund something else as time goes on - State investment should last; should look at other options, land trust etc - Should allow for an opportunity to reinvest after 30 years - Current projects (96% in WA study) don't have enough in reserves at 10 years let alone at 30 or 60 years. Need better planning. Need to incorporate real needs into these reserve investments. - Acquisition/Rehab projects are even older when they are first invested in; unlikely no matter the rehab to last another 60 years
recommendation:	

topic:	**Restrictive Covenants**
question:	Should OHCS restrict the ability for projects to come back in for additional funding?
currently:	No restrictions currently.
issue:	Funding the same projects within their affordability period impedes investment in new projects and may reflect projects not adequately funding reserves or performing routine maintenance. Challenging to give project points for longer affordability periods if they need to be re-capitalized early in that timeline.
stakeholder input:	- 30 years unless there is a construction deficit - Should have a GHAP set aside for 4% projects to assist with gap financing
recommendation:	

It is our hope that we can set guidelines or standards that can be used in an underwriting "lite" process. Ideally if a project fits between specific ranges, as outlined in the guidelines, the project would not require extensive analysis on the part of OHCS to determine financial viability and subsidy layering. The target for OHCS would be that the guidelines:

- Provide for sustainable projects throughout the affordability period; and
- Be aligned with standard operating guidelines of other industry funding partners.

topic:	**Underwriting Guidelines**		
question:	- What feedback can this group lend about the current guidelines? - Where do you see that OHCS is not aligned with other funders? - What causes issues in the funding process for projects?		
	Standard	**OHCS Current**	**Other Funders**
	Vacancy Rate	7%	5-7% generally
	Escalation Income & Expenses	2% Income/3% Expenses	Expenses 3% Use trend analysis of HUD AMI for income; rarely see 2% income gain in current market
	DCR	During the 1st 20 years:	

		1.20 w/replacement reserves 1.15 w/project based rental assistance	1.15-1.20 generally
	Rent Levels	10% below market rents	Market study and portfolio comps
	Operating Expenses	$4,500 per unit per year without replacement reserves	Extensive analysis using their historic LIHTC portfolios
	Expense Ratio	N/A	
	Management Fee		5-7% generally
	Tenant Services		Above the line when services are integral to the target population being served
stakeholder input:	- Asset Management Fees need to be above the line - If operating expenses are lower and substantiated, need that flexibility - $350 reserves are too low - A lot of deferred maintenance / not investing in maintenance throws other reserves off - Each project analysis needs to be different vs. using standards or guidelines for all - Study showed that Operating Expenses vary greatly based on unit size - Maintenance deficiencies could / should be addressed at inspections		
notes:			

******9% Roundtable ended conversation here; we will complete this conversation on September 18th*****

In addition to OHCS underwriting guidelines, there are other standards for construction and contingencies in place to ensure adequate resources for projects through the construction period. OHCS recognizes that it is important for these to be aligned with the other funders involved in a transaction.

topic: **Construction Standards**

question:
- What feedback can this group lend about the current standards?
- Where do you see that OHCS not aligned with other funders?
- What causes issues in the funding process for projects?

Standard	OHCS Current
Green Building Features	A green building standard of construction must be met, with the exception of projects funded exclusively with bond and/or 4% tax credits. Certification of compliance must be provided.
ADA and Visitability	ADA must be met, and all new construction must meet Visitability policy in Oregon statute. (ORS 456.506; excludes 4%) [plus Section 504 sensory impaired units when using HOME]
Rehabilitation Level	Minimum as outlined by IRS Preference is $30,000 per unit
CNAs	All rehab requests must have CNA which thoroughly assesses maintenance, repair, and health and safety issues in addition to considering longer term physical needs and replacement reserve analysis.
Soft Costs	30% of Total Project Costs or less
Hard Cost Contingencies	New Construction: 5% Rehabilitation: 10%
Soft Cost Contingencies	All Projects: 5%
Payment & Performance Bonds	Nice to have, but not required

stakeholder input:

notes:

In an effort to ensure long-term financial viability, OHCS understands the need for appropriate reserves.

topic:	**Reserve Requirements**	
question:	- What feedback can this group lend about the current requirements? - Where do you see that OHCS is not aligned with other funders? - What causes issues in the funding process for projects?	
	Standard	**OHCS Current**
	Replacement Reserves	Seniors: $300/unit/year All Other: $350/unit/year Required to go with the property in the case of a transfer.
	Capitalized Operating Reserves	Not required – Generally capped at six (6) months of operating expenses plus debt service
	Capitalized Debt Service Reserves	Not required
	Other Capitalized Reserves	Not required
issue:	What happens to capitalized reserves during the life of the transaction?	
stakeholder input:		
notes:		

OHCS is looking to provide clarity to sponsors as to how much developer fee is allowed and the breakdown between cash and deferred fee to be paid from project cash flow.

topic: **Developer Fee**

question: What recommendations would this group provide to OHCS with respect to developer fee?

Standard	OHCS Current
Total Developer Fee	Cannot exceed 15% of Total Project Costs, including acquisition, less capitalized reserves, and requested developer fee.
Cash	Rule of thumb: 50% of the fee should be in cash between closing and construction completion.
Deferred	Deferred fee should be shown to reasonably be expected to be paid by year 12.

stakeholder input:

notes:

topic: **Cost Containment**

question: How can we take another step toward cost containment criteria in the competitive process without jeopardizing the quality of construction?

currently: Used as a soft threshold; projects need to explain if they don't meet the cap as defined which is based on the previous 5 years of LIHTC projects.

Threshold in 9%; excludes acquisition cost

	Metro	Balance
0 Bdrm	$200,000	$145,000
1 Bdrm	$222,000	$180,000
2 Bdrm	$272,000	$220,000
3 Bdrm	$306,000	$260,000
4 Bdrm	$325,000	$275,000

issue: Doesn't incentivize lower cost projects; there are no points currently associated with the exception of Preservation projects as it pertains to prudence of investment.

stakeholder input:

recommendation:

topic:	**Set-Asides**
question:	What policy priorities should be considered for a set-aside?
currently:	OHCS has a thirty-five percent (35%) LIHTC soft set-aside for preservation projects at risk of losing federal rent subsidies, as well as projects with public housing units undergoing a preservation transaction involving a comprehensive recapitalization. Preservation projects have their own set of scoring mechanisms in order to lessen the advantage of new construction projects.
issue:	Due to significant investment in the Preservation of affordable housing with federal rent subsidies, the majority of Section 8 projects have been preserved for the next 20 years. Do we need to refocus our efforts with respect to preservation in future years?
stakeholder input:	
recommendation:	

topic:	**Subsidy Level**
question:	Should OHCS establish subsidy cap per unit, or other measure, in a project or award more points to those projects with lower amounts of subsidy?
currently:	Per project caps exist, but no limitation on the subsidy per unit.
issue:	With questions surround Subsidy Layering, could this provide shorthand criteria that would provide clarity around appropriate subsidization?
stakeholder input:	
recommendation:	

topic:	**LIHTC Caps**
question:	Should OHCS re-evaluate the cap on LIHTC per project?
currently:	Caps are established on a per-project per funding type basis without consideration for how many units are in a particular project. Cap is established to ensure the funding of at least 10 projects across the state (10% of funds available in a year); without consideration for the number of units in a project.
issue:	Doesn't incent the efficient development of projects with a lot of units, in particular an issue in urban areas
stakeholder input:	- Cap currently doesn't acknowledge that developing larger (70+) projects is more efficient
recommendation:	

topic:	**Other Issues**
notes:	

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September 3, 2015

2016 Stakeholder Outreach:
4% LIHTC Roundtable – August 13, 2015

Oregon Housing and Community Services (OHCS) is looking forward to further developing its 4% LIHTC program. As a result of the stakeholder outreach efforts, and engaging Novogradac & Company LLP to perform a comparative program analysis, we anticipate that there will be recommended changes to the state's Qualified Allocation Plan (QAP).

The guiding principles that OHCS is seeking to utilize throughout this process are:

- Clarity – We are looking to continually improve our funding processes to be ***clear*** to all stakeholder participants as to the eligibility requirements and desired policy outcomes.
- Consistency – We are seeking to provide ***consistent*** responses to all stakeholder participants and apply standards ***consistently*** across all applications for funding.
- Predictability – Our goal is to have a ***predictable*** funding process with respect to timing and criteria.

BACKGROUND

The state of Oregon has recognized the large need for affordable housing in all communities, both urban and rural. In order to best address the need, it is imperative all programs operate as efficiently and effectively as possible. OHCS understands that this resource has the potential to create additional affordable units and preserve existing units.

OHCS has engaged Novogradac & Company LLP to perform a third-party comparative study of Oregon's 9% and 4% LIHTC programs with ten other states. The study will be utilized to recommend changes to our current practices including changes to the QAP, OARs, program manuals, etc. We are looking to incorporate best practices, and add clarity to our programs.

WHY WE ARE HERE TODAY

We are looking to engage with the 4% LIHTC stakeholders to get a better understanding of perspectives, recommendations, and feedback about how the application process and policies impact project design and implementation. The desired outcomes are to:

1. Develop a better overall understanding of the roles of participating parties in a 4% transaction;

2. Identify where financial guidelines pose challenges when they are not aligned with outside requirements; and
3. Understand where there is and is not clarity throughout the process.

A successful development should allow for the on-going operation of housing units for the benefit of low income residents in a way that furthers statewide and local efforts and reduces the need for additional subsidy in the future.

A better understanding of the challenges, good ideas and feedback from stakeholders who participate in this competitive process will allow OHCS to improve the measures and standards that are implemented in the upcoming NOFA.

OHCS DRIVERS

There are two (2) main things that drive how OHCS looks at any 4% LIHTC transaction:

1. Affordability – OHCS views an award of LIHTCs as purchasing affordability for the period of time that is outlined in the land use restrictive covenants.
2. Subsidy Layering – As the state Housing Finance Agency, OHCS has the fiduciary responsibility to ensure that the amount of subsidy that is being provided to a project is appropriate for the project's financial viability for the entire affordability period and that the project is not over subsidized based on the scope of work and accompanying sources and uses available.

DISCUSSION GUIDE

What follows is a listing of topics for discussion; identifying overarching questions and known issues with spaces for participants and staff to take notes about experiences and recommendations for each topic.

The issue of roles has been a topic that has come up in multiple transactions when OHCS is not the bond issuer. This will be a place where OHCS will be interested in providing clarity to potential project sponsors so that the question of roles has been asked and answered. It is anticipated that this clarity will be added to the QAP.

topic:	**Roles**
question:	- What are the roles of the Housing Finance Agency and the bond issuer when allocating 4% LIHTCs? - What are the appropriate parameters for valuation?
currently:	OHCS has the responsibility for verifying both the projects alignment with the QAP as well as the verification that no excess credits are awarded.
issue:	Transactions must stand on their own merit; the credits are intended for the specific real estate transactions in the application, not intended to subsidize other activities outside of the real estate transaction. The real estate transaction must be based on defensible and consistent variables for valuation and underwriting for a sustainable project.
stakeholder input:	- Valuations that are accepted by Lenders and Investors should be accepted by OHCS - If there are deferred fees, doesn't that indicate an appropriate subsidization? - Find the balance between maximizing credit with other public resources and scarce cash resources - Must meet the needs test; there is no requirement that no other part of the project should be allowed to be funded with the transaction. These are different issues - It's not an issue if the transaction is funding something else; that perspective skews the underwriting process - Doesn't incent cash investment (to be more stringent) above what might be covered when actual equity comes - M letter does not allow for the review / update of credits; should indicate that at 8609 it will be evaluated - Oregon vs Washington M letters; different perspectives and culture reflected - Want Gap funds that work with the 4% LIHTC/Tax-exempt Bond transactions; more leverage - Preservation projects have other sources of gap funds - 4% LIHTCs only cover 30% of the cost so there are huge costs that could be addressed with gap funds - Could leverage more by incorporating 4% LITHCs with other funds - 4% LIHTCs are a great way to stretch other public dollars - Need to maximize equity from 4% LIHTCs - Work to INNOVATE; how can we stretch the way they are used - OHCS risks deterring lenders / investors from working in Oregon by facing too many challenges in maximizing equity investment
recommendation:	

In an attempt to meet our policy objectives and regulatory requirements we are looking at a number of our programmatic policies and procedures. First and foremost are our Affordability Requirements and Restrictive Covenants.

topic:	**Affordability Period**
question:	What is the appropriate affordability period for all OHCS programs given the subsidy that is being provided to a project?
currently:	60 year standard on all programs, with the exception of 4% LIHTC which is currently 30 years.
issue:	- Affordability period does not always align with the timeline of the resource subsidy (for example: OAHTCs go away after 20 years at which point the subsidy that lowers the rent no longer exists in the project). - 60 years is not within the useful life of a multifamily housing project. - Other funders worry about the ability to change the extended use agreement over a 60 year period of time.
stakeholder input:	- OAHTC – 20 years, after that time rental subsidy is extinguished - 30 year affordability for 4% LIHTCs is not clear enough in the QAP - Affordability requirements should be in line with fund sources - Documents should be consistent, and cop vs partner – transfer provision
recommendation:	

topic:	**Restrictive Covenants**
question:	Should OHCS restrict the ability for projects to come back in for additional funding?
currently:	No restrictions currently.
issue:	Funding the same projects within their affordability period impedes investment in new projects and may reflect projects not adequately funding reserves or performing routine maintenance. Reinvestment may be necessary to preserve housing.
stakeholder input:	- Cost of bond issuance; should compare that against other funding - No restriction on coming back, if reinvestment not warranted that should come up in the underwriting process - 30 years should be the expectation
recommendation:	

It is our hope that we can set guidelines or standards that can be used in an underwriting "lite" process. Ideally if a project fits between specific ranges, as outlined in the guidelines, the project would not require extensive analysis on the part of OHCS to determine financial viability and subsidy layering. The target for OHCS would be that the guidelines:

- Provide for sustainable projects throughout the affordability period; and
- Be aligned with standard operating guidelines of other industry funding partners.

topic:	**Underwriting Guidelines**
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Escalation Income & Expenses	2% Income/3% Expenses	Expenses 3% Use trend analysis of HUD AMI for income; rarely see 2% income gain in current market
DCR	During the 1st 20 years: 1.20 w/replacement	

	reserves 1.15 w/project based rental assistance	1.15-1.20 generally
Rent Levels	10% below market rents	Market study and portfolio comps
Operating Expenses	$4,500 per unit per year without replacement reserves	Extensive analysis using their historic LIHTC portfolios
Expense Ratio	N/A	
Management Fee		5-7% generally
Tenant Services		Above the line when services are integral to the target population being served

stakeholder input:

- Need to lessen unnecessary hurdles
- Standards (Op Expense) create problems; projects operate differently (varying populations / geographies, etc.
- Asset Management Fees – above the line; internal vs external property management, needs to account for costs accepted by other lenders/investors
- Policy vs Practice – if the intent is to be open and just want an explanation, make sure staff have the ability (and practice of) to accept out of guideline figures
- Previously used to be able to explain line by line which gave this opportunity on the front end
- Process question: when challenges to expenses occur? They should happen earlier vs later in the underwriting process
- Process / timing issue: when letters are issued and timing of when issues with pro forma are raised
- Process: should have council give “up to” approval earlier instead of waiting for final approval once everything is figured out, this holds up the process and leaves a huge unknown for too long
- Can the state defer to lender/investor analysis of Operating expenses?
- Perhaps a flexible approach around operating expenses that leans toward lender/investor?

notes:

In addition to OHCS underwriting guidelines, there are other standards for construction and contingencies in place to ensure adequate resources for projects through the construction period. OHCS recognizes that it is important for these to be aligned with the other funders involved in a transaction.

topic: **Construction Standards**

question:
- What feedback can this group lend about the current standards?
- Where do you see that OHCS not aligned with other funders?
- What causes issues in the funding process for projects?

Standard	OHCS Current
ADA and Visitability	ADA must be met, and all new construction must meet Visitability policy in Oregon statute. (ORS 456.506; excludes 4%) [plus Section 504 sensory impaired units when using HOME]
Rehabilitation Level	Minimum as outlined by IRS Preference is $30,000 per unit
CNAs	All rehab requests must have CNA which thoroughly assesses maintenance, repair, and health and safety issues in addition to considering longer term physical needs and replacement reserve analysis.
Soft Costs	30% of Total Project Costs or less
Hard Cost Contingencies	New Construction: 5% Rehabilitation: 10%
Soft Cost Contingencies	All Projects: 5%
Payment & Performance Bonds	Nice to have, but not required

stakeholder input:
- HUD/RD doesn't require 100% unit inspection for CNA; HUD and RD are coming out with a joint approach that OHCS should consider adopting.
- Rehab standard is it a min vs a max; sometimes it is treated as a max by loan officers
- Post rehab CNA, useful for knowing the useful life / reserves

notes:

In an effort to ensure long-term financial viability, OHCS understands the need for appropriate reserves.

topic: **Reserve Requirements**

question:
- What feedback can this group lend about the current requirements?
- Where do you see that OHCS is not aligned with other funders?
- What causes issues in the funding process for projects?

Standard	OHCS Current
Replacement Reserves	Seniors: $300/unit/year All Other: $350/unit/year Required to go with the property in the case of a transfer.
Capitalized Operating Reserves	Not required – Generally capped at six (6) months of operating expenses plus debt service
Capitalized Debt Service Reserves	Not required
Other Capitalized Reserves	Not required

issue: What happens to capitalized reserves during the life of the transaction?

stakeholder input:
- Contingencies – address issue of putting money elsewhere, allow higher percent if can be used to add more to construction / rehabilitation
- Reserves should vary by new / rehab ; based on size of the building / size of the units.
- Not sure a standard makes sense for reserves
- RD reserves are higher
- Post rehab CNA is useful for understanding the useful life and reserves
- Maintenance reserves – using an average isn't good enough, results in deferred maintenance
- Maintenance costs vary by bedroom size
- RD reserves are so much higher and always need to be justified for OHCS

notes:

OHCS is looking to provide clarity to sponsors as to how much developer fee is allowed and the breakdown between cash and deferred fee to be paid from project cash flow, as well as any differences between developer fees for non-arm's length acquisitions.

topic: **Developer Fee**

question: What recommendations would this group provide to OHCS with respect to developer fee?

Standard	OHCS Current
Total Developer Fee	Cannot exceed 15% of Total Project Costs, including acquisition, less capitalized reserves, and requested developer fee.
Cash	Rule of thumb: 50% of the fee should be in cash between closing and construction completion.
Deferred	Deferred fee should be shown to reasonably be expected to be paid by year 12.

stakeholder input:

- Developer assumes long term risk of the project; if higher or deferred they should get them
- Exclude acquisition costs when calculating developer fee
- Developer fee isn't just the cost of the brick / mortar
- Developer fee is the cost of development / pays for the risk
- OHCS should allow the maximum amount of developer fee, cap cash fee if that is an issue and allow for deferred fees that can be paid out over time.
- 15% of total development cost is not a safe haven in determining reasonable developer fee
- Clear understanding of how OHCS wants to see the fee calculated would be helpful

notes:

topic: **Cost Containment**

question: Should the 4% LIHTC Program have a cost containment objective?

currently: Used as a soft threshold; projects need to explain if they don't meet the cap as defined which is based on the previous 5 years of LIHTC projects.

Threshold in 9%; excludes acquisition cost

	Metro	Balance
0 Bdrm	$200,000	$145,000
1 Bdrm	$222,000	$180,000
2 Bdrm	$272,000	$220,000
3 Bdrm	$306,000	$260,000
4 Bdrm	$325,000	$275,000

issue: Doesn't incentivize lower cost projects; there are no points currently associated with the exception of Preservation projects as it pertains to prudence of investment.

stakeholder input:

recommendation:

topic: **Subsidy Level**

question: Should OHCS establish subsidy cap per unit, or other measure?

currently: No cap

issue: With questions surround Subsidy Layering, could this provide shorthand criteria that would provide clarity around appropriate subsidization?

stakeholder input:

- Shouldn't leave basis on the table that you can reasonably access – doesn't attract equity investment

recommendation:

topic:	**Acquisition Credit; Arm's length vs Non-arm's length**
question:	- Should acquisition credits be available to projects doing a related party transaction? - If available, how much is reasonable to limit the acquisition credit in a related part transaction as required by code?
currently:	Required by code to limit valuation for an allocation credit in a related party transaction; OHCS currently allows a limited credit.
issue:	Analysis plays a role in subsidy layering
stakeholder input:	- Related party transactions have sincere 3rd parties engaged and investing so it's not a literal internal transaction so shouldn't be treated as though it was - 3rd party appraisal and operations/income; if you don't base it on that what is the rationale for a reduction? - Acquisition cost needed - There are rules around the value of the land; not just putting money into the building - If seller financing is OK and necessary to make deal - Acquisition credit minimizes need for gap funding - Separate the issues of valuation from what the money is used for - Shouldn't leave basis on the table that you can reasonably access – doesn't attract equity investment - Need to expand the use of 4% LIHTCs for new construction and rehabilitation of existing projects - Acquisition credit is a critical tool in making 4% LIHTCs work; don't eliminate
recommendation:	

topic:	**Market Studies/Appraisals/Valuation Considerations**
question:	• Do Lenders and Investors require separate Market Studies and Appraisals? • If so, what is the primary purpose of each in the underwriting process? • What values are important to the various project funders? • Should OHCS order their own appraisal?
currently:	OHCS requires a FIRREA appraisal and market study, though the market study components may be included in the appraisal. OHCS utilizes the market study information to ensure there is adequate need in the area and anticipated LIHTC rents are below market. OHCS utilizes the appraisal to determine acquisition credit, if applicable, and provides a data point for anticipated expenses.
issue:	
stakeholder input:	- Dangerous to bring two different valuations when criteria are the same, how would they be reconciled? - Expensive to order more than one appraisal, not in-line with cost containment - Difficult in income streams / timeline- future values vs today; different valuations have different focus and are used for different things; can't use one for the other - Could add parameters to existing appraisals or pick on that you want - Timing question – valuation comes after pro forma, so it should be OK when the values change - Should have a work group around valuation
recommendation:	

topic:	**Other Issues**
notes:	