

OREGON STATE HOUSING COUNCIL
Minutes of Meeting

Oregon Housing & Community Services
Large Conference Room, 124 B, First Floor
725 Summer Street N.E., Suite B, Salem, OR 97301
Telephone Conference

10:00 a.m. – 11:00 a.m.

January 8, 2009

MEMBERS PRESENT

Larry Medinger, Chair
Maggie LaMont
Stuart Liebowitz
Jeana Woolley

MEMBERS ABSENT

Scott Cooper
John Epstein
Francisco López

GUESTS

Cyndy Cook, Housing Works (via phone)
Dan Steffey, Guardian (via phone)
Ross Corneilus, Guardian

STAFF PRESENT

Victor Merced, Director
Rick Crager, Deputy Director
Nancy Cain, Chief Financial Officer
Bob Gillespie, Housing Division Administrator
Floyd Smith, Agency Affairs Director
Betty Markey, Housing Resources Manager
Shelly Cullin, Loan Officer
Roz Barnes, Housing Development Representative
Craig Tillotson, Single Family Loan Specialist
Dona Lanterman, Single Family Manager
Mariana Negoita, LIHTC Program Representative
Roberto Franco, Director's Office Liaison
Margaret McDowell, Chief Audit Executive
Vicki Massey, CFC Application Process Manager
Dave Summers, Housing Division Manager
Jo Rawlins, Recorder

I. CALL TO ORDER: Chair Larry Medinger calls the January 8, 2009 telephone conference meeting to order at 10:05 a.m. and asks for roll call. **Present: Maggie LaMont, Stuart Liebowitz, Jeana Woolley, and Chair Larry Medinger. Absent: Scott Cooper, John Epstein and Francisco López.**

II. PUBLIC COMMENT: None

III. SINGLE FAMILY REPORT: Dona Lanterman, Single Family Program Manager, states that the department exceeded its goal for the year by 98 loans, for a total of 1,500 loans. **LaMont** says that, considering the year, she thinks the department has done a very good job of getting loans out and says it is interesting to see that the average loan amount for December 2008 is just a little bit less than what the average loan amount was for 2007.

IV. NEW BUSINESS:

A. – D. *Indian Creek Court*, Housing Preservation Fund Grant Request (Hood River, OR); *Stewart Terrace*, Housing Preservation Fund Grant Request (Sherwood, OR); *Villa West*, Housing Preservation Fund Grant Request (McMinnville, OR); *Uptown Tower*, Housing Preservation Fund Grant Request (Portland, OR). **Shelly Cullin**, Loan Officer, introduces Ross Corneilus and Dan Steffey (via telephone), representing Guardian. She points out that in Council's packet there are four separate write-ups for the Housing Preservation Fund Grant request, and she will be consolidating the presentation on those four. As she indicated to Council at the December 5 Housing Council meeting, these four requests have gone through several approval processes. Initially, three of the projects (Indian Creek, Stewart Terrace & Villa West) were approved at the February 2008 Housing Council meeting. At that time, Uptown was not part of the portfolio acquisition. She describes the processes the projects have gone through up to this point in time, their financial challenges, and gives an overview of the write-ups contained in Council's packet.

Woolley asks, depending on who the permanent lender is, if the financial gaps could change. **Cullin** says possibly, but they have strongly emphasized to Guardian that this is all the money the department has to provide for gap, so they would have to look at other avenues of restructuring. They know that if these grants are approved today, that is probably all the department is going to be able to do at least through this year. **LaMont** asks if they have any possible lenders lined up right now that they are in discussion with. **Steffey** says yes, with NOAH, and they are having discussions on other options, but nothing is final at this moment. **Woolley** asks if there is a timing issue on any of the commitments. **Cullin** explains the commitments have not yet been finalized; however they do have a commitment on the past due revenue bond. Council's initial approval in February was higher than what they are at right now because of the reduction in rent, so she doesn't see any way they would be coming back to Council for another bond volume gap request. They are adamant that they want to keep the Housing Preservation grant at this amount, so it would be a matter of what they can work out with their equity investor to try and can get more money, or they may have to come up with cash for these projects when they get down to the final underwriting. She says there really is no time commitment. **Woolley** says the only concern she has is that if Council approves the grants, it seems to her that they should have a time limit placed on them so the funds aren't tied up indefinitely. **Crager** suggests making the grant expiration consistent with the pre-development loan term of one year. **Cullin** explains that Council will see with the next presentation that they are looking for approval of these awards, but in a sense what they want to do is turn around and use the resources for a pre-development loan that the department will be able to generate fees and interest on, so they are sort of using this resource twice by reserving it as a grant, using it for a year as a pre-development loan, and then, hopefully, generating interest and fees for the department. The department will get a little bit more from it by using it in that sense rather than by the normal investment. **Crager** suggests tying the grant award timeline, or end date, with the pre-development loan. **LaMont** asks if there is any time specific that the money needs to be used. **Crager** says no. **Cullin** suggests adding at the end of each motion the phrase "contingent on permanent financing being in place within one year." **Medinger** suggests voting on the first four motions collectively, as modified with Cullin's suggested wording, for the Preservation Fund Grants.

MOTION: Woolley moves that the Housing Council approve the four motions as follows:

A Housing Preservation Fund grant in the amount of \$285,000 Guardian Holding, Inc., to complete the financing for the acquisition and rehabilitation of Indian Creek Court Apartments, in Hood River, Oregon, contingent on permanent financing being in place within one year.

A Preservation Fund grant in the amount of \$455,000 Guardian Holding, Inc., to complete the financing for the acquisition and rehabilitation of Stewart Terrace Apartments, in Sherwood, Oregon, contingent on permanent financing being in place within one year.

A Housing Preservation Fund grant in the amount of \$700,000 Guardian Holding, Inc., to complete the financing for the acquisition and rehabilitation of Villa West Apartments, in McMinnville, Oregon, contingent on permanent financing being in place within one year.

A Housing Preservation Fund grant in the amount of \$367,048 Guardian Holding, Inc., to complete the financing for the acquisition and rehabilitation of Uptown Tower Apartments, in Portland, Oregon, contingent on permanent financing being in place within one year.

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

E. *Stewart Terrace*, Predevelopment Loan Request (Sherwood, OR). **Shelly Cullin**, Loan Officer, explains that Guardian is requesting \$1,320,000 for a predevelopment loan as an interim acquisition fund so they can acquire Stewart Terrace Apartments, which is part of the four-project portfolio. She gives an overview of the write-up contained in Council's packet. **LaMont** states that there isn't anything in the grants that address any problems with what the department is doing because basically the department is taking a grant and using it as a loan. **Cullin** explains that basically Council has approved the grant and so on paper they will have an award letter, but the monies are not being disbursed as a grant, they are being disbursed as general fund dollars from the department that are being allocated for a predevelopment loan at this time. **LaMont** asks if the monies that are reserved for them are being disbursed as a loan, and then when the loan is paid back it will be disbursed back to the other projects. **Cullen** says yes, as their grant. **Crager** explains that he has been assured by the department's CFO that essentially the general fund is now treated as an other funds source, so the funds can be used as a grant, as well as a loan. **Chair Medinger** says he is amazed at the collaborative nature and creativity the department's staff has shown in working to get these projects preserved. It is obviously a very gratifying process, and also very impressive for the state. He says it is a huge loss whenever one of the well established sources of dependent housing is

lost, and so preservation is a win-win in so many ways, and it is well worth the effort to try and make it happen.

MOTION: LaMont moves that the Housing Council approve a Predevelopment Loan in the amount not to exceed \$1,320,000, at a current interest rate of 4.30% per annum for a maximum of one (1) year to Stewart Terrace Apartments LLC for the acquisition of Stewart Terrace Apartments in Sherwood, Oregon.

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

F. Tilikum, Additional Housing PLUS Allocation Request (Warrenton, OR). **Roz Barnes**, Housing Development Representative, explains that she is bringing back Tilikum today to request a correction to the approval that was given at the November 7, 2008 Housing Council meeting. She explains that at that meeting a motion was approved to award funding to Clatsop County Housing Authority for \$720,000 in Housing PLUS development dollars, and a total of \$95,680 in rental and service subsidy dollars. The award includes funding for the purchase of eight two-bedroom units and for providing rental assistance and supportive services to the tenant households. When the service subsidy amount was recorded in the department spreadsheet, a zero was inadvertently dropped. It was presented to Council from that spreadsheet for an approval of \$12,480, rather than the sponsor's request of \$124,800. The sponsor and project were qualified to receive the full \$208,000 (\$83,200 in rental subsidy and \$124,800 in service subsidy). The sponsor did request the full \$124,800. It was an error on the department's part that it was presented to Council as \$12,480. Housing PLUS does have the resources to make this correction and there will be no impact on other projects using this same funding program. In order to serve the population with the proposed services that Clatsop County Housing Authority has proposed, they will require the full rental and supportive service dollars that they applied for and were also qualified to receive. She asks for Council's approval for the additional \$112,320 in Housing PLUS to make the service subsidy for the Tilikum project whole.

MOTION: Woolley moves that the Housing Council approve an award of an additional \$112,320 in Housing PLUS Rental Assistance/Supportive Service Dollars for a total dollar amount of \$208,000 to Clatsop County Housing Authority for the Tilikum project.

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

V. **OLD BUSINESS:**

A. *Amended Qualified Allocation Plans.* **Mariana Negoita**, LIHTC Program Representative, refers to a memorandum sent to Council on December 18, 2008, along with the draft 2009 Amended Qualified Allocation Plan, and the 2007 Technical Amendment to the Qualified Allocation Plan. She explains that the documents are currently up for public comment which ends January 13, 2009. The changes required are due in part primarily because of the Housing Economic Recovery Act that was passed in July, and also to provide additional flexibility given the state of the market. She gives an overview of some of the points set out in her December 19th memo. **Woolley** asks if she can tell Council which of the changes she has been getting the most feedback about or if she is getting any reaction to any of these changes. **Negoita** says she has only received positive reactions so far, and the department has been commended for its new flexibility approach in the QAP. **Woolley** asks if any of the recommended changes were controversial to our partners or constituencies. **Negoita** says no. **Bob Gillespie** states that it is really going to accommodate the department's ability to get the credits out in a difficult market and to be consistent with the changes in the law. He says the department isn't getting feedback stating that it shouldn't be doing these things because not only do equity investors benefit, but the department's partners benefit as well. **Negoita** adds that the comment period doesn't end until January 13, and if additional comments are received she will cover those at the January 23 Housing Council meeting, when she will be requesting Council's motion to forward the Amended Plan to the Governor.

Chair Medinger adjourns the meeting at 10:42 a.m.

/s/ Larry Medinger 2/27/09
Larry Medinger, Chair DATE
Oregon State Housing Council

/s/ Victor Merced 3/5/09
Victor Merced, Director DATE
Oregon Housing & Community Services