

OREGON STATE HOUSING COUNCIL
Minutes of Meeting

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

9:00 a.m.

November 6, 2009

MEMBERS PRESENT

Maggie LaMont, Chair
Stuart Liebowitz
Francisco López (via phone)
Nancy McLaughlin

MEMBERS ABSENT

Scott Cooper
John Epstein
Jeana Woolley

GUESTS

Raquel Gugliemetti, NWRECC
David Crawford, Geller, Silvas & Assoc.
Tamara Holden, Geller, Silvas & Assoc.
Patricia Ten Eyck, Habitat for Humanity
Jody Ahlstedt, United Community Action
Network
Tom Cusack
Betty Tamm, Executive Director, Umpqua CDC
Jodi Enos, Housing Development Assistant,
Umpqua CDC
Ann Delaney, Architect
Jeff Puterbaugh, AMH/DHS
Rob Prasch, NOAH
Patrick O'Toole, Union Labor Retirement
Association
Dan Steffey, GRES
Martha McLennan, Northwest Housing
Alternatives
Scott Foster, Executive Director, Housing
Authority of Jackson County
Betty McRoberts, Director of Development,
Housing Authority of Jackson County
Darrel Pearce, Options for Southern Oregon,
Inc.
Mark Rozgay, Timber River Development, Inc.
Wayne Armstrong, Armstrong Stafford, LLC
Rolanne Stafford, Armstrong Stafford, LLC

STAFF PRESENT

Victor Merced, Director
Nancy Cain, Chief Financial Officer
Lisa Joyce, Policy & Communication Manager
Dave Summers, Multifamily Housing Manager
Jack Duncan, GHAP Program Coordinator
Craig Tillotson, Loan Officer
Carol Kowash, Loan Officer
Debie Zitzelberger, Loan Closer
Shelly Cullin, Senior Loan Officer
Roz Barnes, Loan Officer
Dolores Vance, Loan Officer
Loren Shultz, Housing Program Advisor
Mariana Negoita, Tax Credits Program Coordinator
Carole Dicksa, HOME Program Manager
Rich Malloy, NSP Program Manager
Mike McHam, Market Analyst and Appraiser
Joyce Robertson, Loan Specialist
Cheryl Resendez, Loan Closer
Frank Silkey, Architect
Tony Penrose, Resource Coordinator
Karen Clearwater, Regional Advisor to the Department
Deborah Price, Regional Advisor to the Department
Bruce Buchanan (via phone), Regional Advisor to the
Department
Vince Chiotti, Regional Advisor to the Department
Jo Rawlins, Recorder

I. CALL TO ORDER: Chair Maggie LaMont calls the November 6, 2009 meeting to order at 9:02 a.m.

II. **ROLL CALL:** Chair LaMont asks for roll call. Present: Stuart Liebowitz, Francisco López (via phone), Nancy McLaughlin, and Chair Maggie LaMont. Absent: Scott Cooper, John Epstein and Jeana Woolley.

III. **PUBLIC COMMENT:** None

IV. **APPROVAL OF MINUTES**

A. Chair LaMont asks if there are any corrections to the September 25, 2009 Minutes. There being no corrections, the Motion was read:

MOTION: Liebowitz moves that the Housing Council approve the Minutes of the September 25, 2009 Council meetings.

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

V. **SINGLE FAMILY REPORT:** Craig Tillotson, Loan Officer, gives an overview of the September Single Family Housing Loan Production Report contained in Council's packet. There were 29 loans for the month of September, totaling \$4,352,892, with an average loan amount of \$150,100; and 348 loans year-to-date, totaling \$54,548,603. For calendar year 2008, there were 1,598 loans, totaling \$281,802,764, with an average loan amount of \$176,347.

VI. **SPECIAL REPORTS:** None

VII. **NEW BUSINESS:**

A.-D. *Crestview Court Apartments* (Beaverton, OR), Seed Money Advance Loan Request. *Grasshopper Village* (Prineville, OR), Seed Money Advance Loan Request. *High Valley Estates* (Klamath Falls, OR), Seed Money Advance Loan Request. *Viking Village* (Salem, OR), Seed Money Advance Loan Request. Shelly Cullin, Loan Officer, introduces Raquel Gugliemetti of Northwest Real Estate Capital Corp. (NWRECC), and explains that she will be consolidating *Crestview Court Apartments*, *Grasshopper Village*, *High Valley Estates*, and *Viking Village* in her presentation because it is the same borrower, the same use of funds, and the same security for each request. NWRECC submitted requests for four separate Seed Money Advance Loans in the amount of \$40,000 each for four Section 8 preservation projects. *Crestview Court* is a 48-unit family project in Beaverton, OR; *Grasshopper Village* is a 22-unit family project in Prineville, OR; *High Valley Estates* is a 37-unit family project in Klamath Falls, OR; and *Viking Village* is an 87-unit family project in Salem, OR. The Seed Money funds will be used to complete the required property reports to complete the financing package, along with architectural services, appraisals, survey and organization costs. Security for each is to be secured by Northwest's management fees and accounts/notes receivable, with a UCC filing with the Secretary of State, along with a Guarantee executed by NWRECC. It is anticipated that the loans will be repaid either at bond closing, which is estimated to be March 2010, or when the EQ2 Line of Credit is approved by Wells Fargo, whichever occurs first. Cullin explains that the Seed Money Advance Loan Program is not widely utilized. It is a \$250,000 revolving loan fund that is 0% interest to nonprofits and a

2% loan fee. The total of the four loans is \$160,000, which leaves a balance of \$90,000 in the fund. The department has received a bond/4% application for each of the projects and is currently receiving due diligence from the borrower. **Cullin** says she believes there is minimal risk for each of the loans and she recommends approval of each Seed Money Advance Loan request in the amount of \$40,000.

MOTION: Liebowitz moves that the Oregon State Housing Council approve a Seed Money Advance Loan in the amount of \$40,000, at an interest rate of 0% per annum, for a maximum of nine (9) months to Northwest Real Estate Capital Corp., for predevelopment costs associated with Crestview Court, Grasshopper Village, High Valley Estates, and Viking Village.

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

Cullin reads an email received by NWRECC from a family that became homeless when devastated by illness and expressing their gratitude for the help they received during that very difficult time in their lives. They said the system works and it has enabled them to “rise again and once more find footing on firm ground.”

Victor Merced explains that Maggie LaMont and Stuart Liebowitz have conflicts of interest on three separate loans and that, according to Oregon Revised Statutes and the Oregon Government Ethics Law, they will declare their conflicts and refrain from participating in any discussion, but will be asked to cast a vote to meet the requirement of a minimum number of votes necessary to take official action.

Chair LaMont introduces Nancy McLaughlin, the newest Council member, and welcomes her to the Council.

E. Consolidated Funding Cycle

1. *Overview.* **Tony Penrose**, Resource Coordinator, introduces **Dave Summers**, Multifamily Section Manager, and provides a brief overview of the proposed reservations and projects proposed for funding (pages 34–44 of Council’s packet). He explains that 17 applications were received; 13 were selected for funding reservations; of the 13, 4 projects are contingent; 8 projects are requesting resources in excess of \$100,000 and are being presented today; and 4 applications were not turned in during this round due to 9% market conditions or not being able to complete the application on time. The 5 selected for funding reservations are *29th Place* (Eugene, OR), an existing 35-unit apartment complex occupied by tenants with serious and persistent mental illness; *CSI MRDD Group Home* (Aloha, OR), a 4-bedroom home that will serve intellectually disabled/developmentally disabled adults; *Spruce Place* (Beaverton, OR), a three story building with 14 one bedroom units for disabled persons with severe chronic mental illness; *Sunrise Estates Phase I & II* (The Dalles, OR), a 94-unit complex serving low-income families; and *Seneca Terrace* (Milwaukie, OR), 32 units with Section 8 project based assistance.

Penrose states that in this CFC round the department forward-allocated some LIHTC, HOME, OAHTC, LIWP, and Trust Fund in an effort to fund the contingent four preservation projects. The four projects are contingent on securing an equity investor and permanent lender by July 1, 2010, or return the resources to the department for use in the next CFC round. As in other rounds, 30% of the resources were set aside for the populations that have been largely underserved: homeless, chronically homeless, and/or persons at risk of homelessness, and for the continuing goal for preservation projects. **Liebowitz** asks if forward-funding will have an impact on availability for future projects. **Summers** states that yes, it will effect future funding dollars. **Liebowitz** asks if there will be remaining availability above and beyond these four in the Spring, or will these projects take a large share of the funding. **Summers** says there will be more credits than anticipated in 2010. **LaMont** asks if there will come a time that forward committing will even out. **Summers** says it is a common occurrence. **McLaughlin** says the bigger issue is having investors willing to invest. **LaMont** says she knows the economy will eventually turn around, but she wants to make sure there are funds for future projects.

2. *Grand Apartments* (Medford, OR). **Carole Dicksa**, HOME Program Coordinator, introduces **Scott Foster** and **Betty McRoberts**, Housing Authority of Jackson County, and **Karen Clearwater**, Regional Advisor to the Department, and gives an overview of the write-up contained in Council's packet (page 45), explaining that the apartments consist of 26 studio and one-bedroom apartments located in downtown Medford. 23 of the units are made affordable through HUD's moderate rehab program, which was awarded to the project in 1986. The HOME and Trust Fund requests will be utilized for the rehabilitation of the building in order to preserve the current affordability. The building was originally built in 1915 and is a national historic building. **Foster** states that they have been very close to this project since it was rehabbed in 1985. They are very familiar with the debts of the project and are able to adequately cover all the project needs in this application. They are also familiar with the financial capability of the project and have been operating it for four months with a cash flow that is sufficient to build adequate reserves for any future repairs. **McLaughlin** says it sounds like there will not be any relocation of tenants and that it has been handled very well.

MOTION: **Liebowitz** moves that the Oregon State Housing Council approve a \$600,000 grant reservation of HOME funds and a \$200,000 grant reservation of Housing Development Grant Program funds (Trust Fund) to the Housing Authority of Jackson County, completing the rehabilitation of the Grand Apartments in Medford, Oregon, contingent upon meeting all HOME and Trust Fund Program requirements and conditions of award.

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

3. *Trillium Terrace* (Roseburg, OR). **Liebowitz** declares a conflict. He will not participate in discussion but will vote. He previously worked for United Community Action Network. **Carole Dicksa**, HOME Program Coordinator, introduces **Jody Ahlstedt**, United Community Action Network, and **Karen Clearwater**, Regional Advisor to the Department, and gives an overview of the write-up contained in Council's packet (page 47), explaining that this

project is new construction consisting of eight two and three bedroom units to be located in Roseburg, providing permanent housing for families with a disabled family member. Services will target the psychiatric needs and two units are set aside for homeless families. **Ahlstedt** thanks Karen Clearwater and says that without her guidance and help along the way, they would not be here today. She says that this project is designed after Grandview Homes, which has really helped people and has changed lives. They are seeing families move forward and with severe psychiatric disabilities be able to stabilize their lives, get their children back, get part-time jobs and move forward. Their lives are forever changed because they were able to stabilize their housing. She says that by funding this project the department will be part of the legacy that will last in the state of Oregon and in Douglas County for many decades to come. **Clearwater** adds that this project scored very well in the CFC round, but the department ran out of money. However, the forward allocation designation enables the department to give them an award and not have them go through the cost of reapplying again this Spring. It is forward thinking and is not something the department has done before and it really helps the sponsors.

MOTION: López moves that the Oregon State Housing Council approve a \$1,167,492 grant reservation of 2010 HOME funds and \$200,000 in Housing Development Grant Program funds (Trust Fund) to United Community Action Network, completing the new construction of Trillium Terrace in Roseburg, Oregon, contingent upon meeting all HOME and Trust Fund program requirements and conditions of award.

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

4. *Aspen Park* (La Grande, OR). LaMont declares a conflict. She will not participate in discussion but will vote. Her daughter is employed by New Day Enterprises, Inc. **Loren Shultz**, Housing Program Advisor, introduces **Tamara Holden**, Geller, Silvis and Associates, and gives an overview of the write-up contained in Council's packet (page 49), explaining that this is a new construction five bedroom group home for disabled tenants with services for the developmentally disabled. **Holden** thanks Bruce Buchanan and the staff at OHCS for supporting this project. She says they had a meeting yesterday and discussed the loan with Banner Bank. They may have the resources available to cover costs and there may not be a need for a loan.

MOTION: López moves that the Oregon State Housing Council approve a \$247,653 HOME fund reservation to New Day Enterprises, Inc. for completing the new construction of Aspen Park in La Grande, Oregon, contingent upon meeting all HOME requirements and conditions of award.

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

5. *Neu Place* (Roseburg, OR). **Liebowitz** declares a conflict. He will not participate in discussion but will vote. He is currently employed by Umpqua Community Development Corporation. **Mike McHam**, Market Analyst and Appraiser, introduces **Betty Tamm**, Executive Director, and **Jodi Enos**, Housing Development Assistant, Umpqua Community Development Corporation, **Ann Delaney**, Architect, and **Karen Clearwater**, Regional Advisor to the Department, and gives an overview of the write-up contained in Council's packet (page 51), explaining that this project is an acquisition/rehab combined with some new construction. The units will serve both physically and developmentally disabled individuals. **Tamm** thanks Council for considering the project. She says it will serve two different kinds of disabilities and will meet a new niche in Roseburg. There is nothing like it for people who are independent. They have worked with a lot of potential family members and the target population in developing this and it is fun to see the excitement in the potential clients, many of whom work in workshops in the area. **LaMont** points out that there is substantial money listed as tentative foundation dollars and asks if there is an update on those dollars. **Tamm** says yes, a significant amount has been committed by NeighborWorks America and a couple of other grant sources. Meyer Memorial Trust is very supportive of the project and invited an application upon receipt of state funding.

MOTION: McLaughlin moves that the Oregon State Housing Council approve a \$1,308,684 grant reservation of HOME funds to Umpqua Community Development Corporation (CDC), for completing both acquisition/rehabilitation and new construction of Neu Place in Roseburg, Oregon, contingent upon meeting all HOME requirements and conditions of award.

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

6. *The Cedars* (Grants Pass, OR). **Mike McHam**, Market Analyst and Appraiser, introduces **Darrel Pearce**, Operations & Residential Assistant with Options for Southern Oregon, Inc., and **Karen Clearwater**, Regional Advisor to the Department, and gives an overview of the write-up contained in Council's packet (page 53), explaining that this project is new construction serving the chronically mentally ill. The services will be directed at low income, chronically mentally ill adults and will be provided by Options. **Pearce** explains that they are looking at the "little village" concept, with individual units built around a courtyard, with a meeting room and the opportunity to socialize. They have included many green features that include orientation of the building, both for privacy and for the exposure to the sun to afford natural light; low flow toilets; compact fluorescent light fixtures; and water retention with a rain garden. **McLaughlin** asks how difficult it was to get HUD to go along with the redesign of the project. **Pearce** says not at all. **LaMont** asks if the 811 is for subsidized units. **Pearce** says yes, it is project-based. It is 30% and targeted to low and very low-income residents. **LaMont** comments that it is exciting to be able to provide new units. Although preserving units is very necessary, this is one of the few resources left to try and meet the needs.

MOTION: Liebowitz moves that the Oregon State Housing Council approve a \$437,250 grant reservation of HOME funds to Options for Southern Oregon, Inc., for completing the new

construction of The Cedars in Grants Pass, Oregon, contingent upon meeting all HOME requirements and conditions of award.

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

7. *Chaucer Court* (Portland, OR). **Jack Duncan**, GHAP Program Coordinator, introduces **Patrick O'Toole**, Union Labor Retirement Association, and **Vince Chiotti**, Regional Advisor to the Department, and gives an overview of the write-up contained in Council's packet (page 54), explaining that this project is a seven-story building with 84 units, with 83 having project-based assistance, and is contingent upon weatherization program requirements. It is located in the South Park Blocks and is on national, city of Portland, and state historical registers. The tenants will be paying 30% of their incomes. Rents and expenses are set by HUD. The major funding sources are federal tax credits, Trust Fund, weatherization, Portland Development Commission, and a permanent loan. **Chiotti** states that this is a very unique building and that Mr. O'Toole's organization has managed it for the past several years. **Liebowitz** asks if they can outline some of the energy efficiency and weatherization items that will go into the building. **O'Toole** says the principal focus of the entire renovation is the windows. They are steel cased windows that were originally installed and they provide very little insulation and are rotting in place. **McLaughlin** asks if there is any other rehab being done. **O'Toole** explains that it will be extensively renovated, and will be done with residents in place as much as possible. It needs complete water and electrical replacement, and the HVAC needs to be redone. There is an atrium at the top of the building that needs to be replaced, and the roof will need to be replaced. The units will need fixture replacement and carpets and paint. **Chiotti** adds that the sponsor has been working as closely as possible with Multnomah County for stimulus money for the weatherization; however, stimulus money cannot be used for windows, so they will have to wait and see how that goes.

MOTION: Liebowitz moves that the Oregon State Housing Council approve a \$251,864 conditional grant reservation of Low Income Weatherization Program funds to Union Labor Retirement Association, completing the new construction, acquisition and/or rehabilitation of Chaucer Court in Portland, Oregon, contingent upon meeting all Low Income Weatherization Program requirements and conditions of award.

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

8. *Uptown Towers* (Portland, OR). **Jack Duncan**, GHAP Program Coordinator, introduces **Dan Steffey**, Guardian Management, and **Vince Chiotti**, Regional Advisor to the Department, and gives an overview of the write-up contained in Council's packet (page 56), explaining that this is a nine story, 72-unit building located near Pacific Stadium in Portland, with all units having project-based assistance, serving the elderly population. **Steffey** points out that

this building was built by the contractor in a way that made conversion to a condo very simple. There will be new windows, new roof and ventilation system. A second elevator was added a few years ago. He says that from the developer's standpoint, they feel they have a true partnership with OHCS in working on these projects. **Chiotti** says that the department has a goal through the legislature to preserve 1,598 units and that this project and the previous one presented will get the department to 10% of that goal. **McLaughlin** asks if the renovations will be able to be done with tenants in-place. **Steffey** says yes. **Liebowitz** asks if the Enterprise grant is general or specific. **Steffey** says it is for specific weatherization items, and it is a competitive grant. **Liebowitz** asks if he can give an example of some of the specific items. **Steffey** says they are windows, HVAC systems, ventilation, and a new roof.

MOTION: McLaughlin moves that the Oregon State Housing Council approve a \$207,000 conditional grant reservation of Low Income Weatherization funds to Guardian Development LLC, completing the acquisition/rehabilitation of Uptown Tower in Portland, Oregon, contingent upon meeting all Low Income Weatherization Program requirements and conditions of award .

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

9. *Quimby Apartments Renewal* (Bend, OR). **Tony Penrose**, Resource Coordinator and CFC Manager, introduces **Martha McLennan**, Executive Director, Northwest Housing Alternatives, and **Vince Chiotti**, Regional Advisor to the Department, and gives an overview of the write-up contained in Council's packet (page 58), explaining that this project is a preservation project located in Bend and sponsored by Northwest Housing Alternatives. These are one-bedroom units serving low-income seniors with disabilities, and has Section 8 project-based assistance. **McLennan** comments that she appreciates the partnership they have with OHCS in terms of providing affordable housing across Oregon. This project is another one of the preservation projects and many of the seniors who live at Quimby have lived there for many years. The property has been a well maintained property, but it does have aging systems. This project is part of a package of three they are doing. The tenants will stay in place during the rehab. Upgrades include energy upgrades to improve the indoor air quality and energy efficiency.

MOTION: Liebowitz moves that the Oregon State Housing Council approve a \$1,230,363 grant reservation of 2010 HOME funds to Northwest Housing Alternatives, Inc., completing the acquisition/rehabilitation of Quimby Apartments in Bend, Oregon, contingent upon meeting all HOME program requirements and conditions of award.

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

F. *High Desert Commons* (Redmond, OR), Predevelopment Loan Request. **Shelly Cullin**, Senior Loan Officer, introduces **Mark Rozgay**, Timber River Development, Inc., and **Deborah Price**, Regional Advisor to the Department, and gives an overview of the write-up contained in Council's packet (page 59), explaining that Timber River Development has requested a \$375,000 predevelopment loan to pay off an existing land loan they have with Stearns Bank that has matured. This project is a proposed 20-unit family project in Redmond. The unit mix consists of two and three-bedroom units. Rents are targeted at 30% and 50% of area median income. The preliminary market assessment completed in February, 2009 indicates a need for affordable housing units at low and very low incomes. The only risk at this time appears to be the competitive nature of the CFC. The sponsor has been notified that the Spring 2010 CFC will have 50% of its resources dedicated to preservation projects, which means a much more competitive process for new construction projects. The sponsor is willing to take that risk and to proceed with this request. If the sponsor is unsuccessful in the next CFC, Rural Development will pull their \$1M obligation. Based on that, Cullin has requested that the predevelopment loan commitment letter reflect that the borrower must begin pursuing options to repay this predevelopment loan if approved sooner than the two year term if unsuccessful in the 2010 CFC. In addition, she recommends that the motion reflect that this predevelopment loan be for a one year term with one six month extension allowed.

McLaughlin asks on the tax credit equity, what their assumption was. **Rozgay** says they have an investor that specializes in RD and rural projects, and they have a reasonable amount of confidence that they will be able to place this project. **McLaughlin** asks what the underwriting assumption is -- cents on the dollar. **Rozgay** says it is \$.65. **LaMont** asks on the RD funding, if that comes with subsidy to the units. **Rozgay** states that at the time they got the obligation there was not rental assistance offered or, if there was, it was very small nationwide. They have not asked that question recently. They are hopeful that some of the tenants will have access to Section 8 vouchers. **LaMont** says it is her suggestion that it never hurts to ask. **Liebowitz** comments that given the previous difficulties, he is curious, contemplating the worst case scenario, what direction they would go in terms of paying off the loan. **Rozgay** states that they have a number of projects that are backed up waiting for ARRA funds. When the loan comes due they would be in a position to have a bank that would loan them the money.

MOTION: McLaughlin moves, as amended, that the Oregon State Housing Council approve a Predevelopment Loan in the amount not to exceed \$375,000, at a current interest rate of 5% per annum for the term of one year, with one six month extension allowed if CFC resources are awarded, to Timber River Development, Inc. to pay off the current conventional loan on the land associated with the development of High Desert Commons in Redmond, Oregon.

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

G. *Shaver Green* (Portland, OR), Additional Housing PLUS Allocation Request. **Shelly Cullin**, Senior Loan Officer, introduces **Wayne Armstrong** and **Rolanne Stafford**, Armstrong Stafford, LLC, and explains that this project is in need of additional Housing PLUS in

the amount of \$127,545 to fill a financing gap in the development. The project is an 85-unit affordable workforce housing development in northeast Portland. She gives an overview of the write-up contained in Council's packet (page 64). In September of 2007, Housing Council approved the bond financing weatherization, and the original Housing PLUS grant for the development of the project. Additional department resources included 4% Low Income Housing Tax Credits and Oregon Affordable Housing Tax Credits. The Portland Development Commission has provided \$3.5M to the project. The project was completed in June 2009 and was leased up within two months.

Cullin explains that this project has had some extraordinary things occur beyond the control of the developer. They had challenges getting their first general contractor, the second contractor filed bankruptcy one month after closing on our bond, and then the project lost their equity investor 30 days prior to closing. Fortunately Key Community Development Corp. stepped in as the investor and underwrote this deal in 30 days. The bankruptcy by the second contractor caused a four month delay in construction, which meant that the project would not be able to be completed on a schedule that was agreed to in the partnership agreement, causing some downward adjustments. With the four month delay in construction the project was incurring construction loan interest, which increased the construction interest line item by \$160,000. The largest cost overrun for the project was an error by the Portland Department of Transportation. They inadvertently issued the building permits without reviewing civil drawings. In 2009 Portland Department of Transportation required the developer to reapply for a permit, which resulted in revisions to street lighting, wider sidewalks, different landscaping, changes to their storm drain system and relocating a charging station. Most of the work had already been completed, which meant that this all had to be redone. The total cost of the changes was \$480,000. The borrower did receive an additional allocation of 4% LIHTC when they submitted their final application; they did have additional basis items, and so they did receive an additional \$400,000 in equity, which is not part of the cost overruns. The Finance Committee approved a \$100,000 recoverable Trust Fund grant that will provide repayment of \$10,000 per year for ten years. In addition, the borrower has requested the Housing PLUS dollars of \$127,545. If approved they would have a total of \$322,545. The borrower has increased their deferred developer fee by \$100,000 which leaves a gap of \$160,000. The borrower has approached the City of Portland for assistance in filling this gap and Commissioner Fish's office is working with the Bureau of Housing staff to help find some additional resources to fill the gap. **Armstrong** adds that the project is fully leased up and they are transitioning to permanent financing. This is a Gold LEED certified building, built on a former Brownsfield site in Portland. In the last three weeks they have received an Architectural Institute of America Award for design, and also an award for best affordable housing project in the five western states.

Merced states that he had several conversations yesterday with Commissioner Fish about this project and expressed the department's disappointment in the role that PDOT had to play in this gap situation. Commissioner Fish did not think it was a problem in terms of looking at some of their internal resources to help out. He just needed a bit more time to study the issue. The City is in the project for a very large amount. **LaMont** asks if, with the additional \$127,545 in Housing PLUS, it means that more units are going to be participating in that program and, if so, how many? **Cullin** says that they have not changed the number of units and that it remains at 14 at a cost of \$23,000 per unit.

MOTION: McLaughlin moves that the Oregon State Housing Council approve an additional allocation of Housing PLUS in the amount of \$127,545, for a total Housing PLUS award of \$332,545 to Armstrong Stafford LLC for Shaver Green, located in Portland, Oregon.

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

VIII. OLD BUSINESS: None.

Francisco López disconnects from meeting at 11:00 a.m.

IX. REPORTS:

A. *Council Meeting Calendar for 2010.* Chair LaMont states that this item will be deferred to another time due to the fact that not all Council members are present. Merced encourages Council members to make sure they look at the dates and to please advise of any potential conflicts.

B. *Neighborhood Stabilization Plan Update.* Rich Malloy, Neighborhood Stabilization Coordinator, reports that the department has about \$1M of funds obligated under NSP I. Some of the funds have been expended and there are 15 sub-recipients, nine of which are larger cities or counties, and there are 6 nonprofits. Some of the cities are starting to move pretty quickly and have good waiting lists on their down payment assistance using NSP, and the nonprofits are starting to acquire properties. In terms of the state program, the state has reserved a couple of million dollars for the department to provide loans to people buying foreclosed homes in areas not covered by the cities. There is a lot of lender interest in bringing borrowers to the program. The department has just implemented a down payment and rehab loan program. There is a group called the National Community Stabilization Trust, a nonprofit out of Washington, D.C., that would get lenders to give the department the first opportunity to look at making offers on properties before they go on the market. The NSP II status is that HUD is reviewing it and the department is supposed to get a funding award announcement in December. Merced asks if there is anything that the department needs to do to encourage some facilitation with our Congressional delegation on the NSP II application. Malloy says he doesn't think it would hurt. McLaughlin asks, with regard to the National Community Stabilization Trust, if it is a new nonprofit or if it was a subset of an existing nonprofit. Malloy says he doesn't know how long they have been around. Merced suggests that if any communication is sent to the Congressional delegation that it be done jointly by Chair LaMont and himself to express support of the \$26M on the NSP II application. LaMont says that she agrees.

C. *Housing Opportunity Bill Rulemaking Update.* Lisa Joyce, Policy & Communication Manager, distributes copies of concept papers on the Housing Opportunity Bill (HB 2436) (formerly known as the Document Recording Fee) with regard to the General Housing Account, the Home Ownership Assistance Account (HOAA), and the Emergency Housing Account (EHA), and gives an overview of the process the department is using for

implementing that piece of legislation. She reports that the department gathered feedback at five different community meetings around the state, and the department has updated the resource allocation strategies to reflect the feedback that was received during those meetings. The key theme across the state was flexibility. The Housing Opportunity Bill became effective the end of September, and the department expects its first quarterly deposits to come in early 2010. Rules will be heard on November 23 at 2:00 at OHCS. Permanent rules will be adopted on December 22. **Liebowitz** asks who determined the allocation split between multifamily, the EHA, and the HOAA. **Joyce** says it was determined by the legislature. **Liebowitz** says he is concerned that it was determined outside the department's power. When you see such a large increase in homelessness, the percentage dedicated to that difficulty, and the need is significant for emergency need and long-term, it seems a very minimalist allocation for that population when the state is pledging to end homelessness in ten years. **Joyce** says she does not disagree with him, but the department does have support from legislative leadership around this issue. She says the department is fortunate in that there were ARRA funds dedicated to homelessness prevention and rapid rehousing. **Liebowitz** says that is the type of message he would like Council and OHCS to articulate to the legislators whenever they have the opportunity. **Joyce** says she would be happy to do so. She states that there is a conference coming up later this month on Ten Year Plans to End Homelessness, with the keynote speaker being co-chair of Ways and Means Peter Buckley. She says she will send a note to Housing Council with that information.

D. Federal Stimulus Plan Update. **Nancy Cain**, Chief Financial Officer, distributes a copy of the most recent ARRA Report dated November 5, 2009. She reports that the biggest thing that has happened is the completion of the first required report deadline. Weatherization funds have all been allocated, and the monitoring visits have started, which will be a key part of the funds to actively monitor the subrecipients. **Merced** asks her if it would be possible to tally the number of homes. **Cain** says they have the numbers on a quarterly basis, and that once the new system is in place they can do that on a real-time basis. **Merced** says he thinks that would be good for future updates. **Liebowitz** asks if the department knows how many jobs are being created or are resulting from weatherization dollars coming in. **Cain** explains that is a required number that the department reports, and there is differing guidance from different federal agencies on how that is to be calculated and reported. They will report hours funded with federal stimulus dollars. **Merced** says that it has been a bureaucratic nightmare, with conflicting information, unclear guidelines, rules and regulations. **McLaughlin** asks if the department has disbursed more funds than what it has received on the low income and weatherization and commodity assistance. **Cain** explains that there will always be timing differences. The department incurs costs throughout the month, but only draws once a month, and then awaits reimbursement from the federal government. Subrecipients are different in that the department gets the request, asks for the funds and then disburses the money within 24 hours. All of the funds for Homelessness Prevention and Rapid Re-housing have been committed and services are beginning to be delivered. There has been some work on the OPUS reporting system. The Community Services Block Grant has been underway for awhile and monitoring is underway. The Temporary Emergency Food Assistance Program has received the second year award, which was greater than the first year award. It was adjusted due to the unemployment rate, among other things. The Commodity Assistance Program continues to be distributed throughout the state. All members of the Oregon Volunteers! Program, or AmeriCorps, have been trained and are now in service, and site visits will occur this month. **McLaughlin** asks what the number is of AmeriCorps members. **Cain** says 50-60.

E. Report of the Chief Financial Officer. **Nancy Cain** reports that Treasury, Fannie Mae and Freddie Mac have been working to try and develop a program that would help housing finance agencies be able to issue bonds again. That initiative was released on October 19, and her division has been in overdrive working on that program. The key components need to be committed and obligated by December 31, 2009. **McLaughlin** asks when the department has to make a decision. **Cain** says by December 1, 2009. **LaMont** asks that Council be updated with a quick e-mail on how it is going and what the decision is.

F. Report of the Director. **Victor Merced** says that what Council has approved today will provide housing for chronically mentally ill, people with developmental disabilities, the elderly, preservation of both rural and urban, low income, and new construction, and he thanks Council for supporting the department's recommendations.

He reports on his recent Governor's ERT trip where they visited Lincoln City, Newport, Toledo, Yachats and Albany. He says they got a good perspective on some of the needs of those coastal communities. The impact of the relocation of the National Oceanic Atmospheric Administration to the coast would be 75 – 100 jobs, which points out the need for additional investments by the department for workforce housing.

The department is getting encouraging signs from its Congressional delegation that there may be an extension of TCAP for one more year.

Measures 66 and 67, which are the tax measures that would repeal the increase in taxes that the legislature approved last session, may have a significant impact on state agencies. The department is going through budget exercises as requested by the Governor, looking at the General Fund portion of our budget. Roughly, the estimate is a \$750M General Fund hole, of which there is \$400M in reserves to cover some of that. The remainder would be a hit to the agencies. **Liebowitz** asks if that analysis would be available for reporting at the next Council meeting. **Merced** says yes. **McLaughlin** compliments the department for being creative in a lot of the projects presented to Council today. **Merced** says the agency has some very creative thinkers that are constantly thinking of ways to do things differently.

G. Report of the Chair. **Chair LaMont** reports that the retreat was an enjoyable process. It was a great opportunity to identify ways in which Council can assist the agency. She says it needs to be a working relationship and that theme went through the whole meeting. They reviewed the charges of the Council, figured out what the challenges and opportunities were, and then set priorities, ending up with seven. If an item was of interest to a Council member, or they were participating in something similar, that area was assigned to that member. They agreed it would be beneficial to have retreats on an annual basis.

Chair LaMont says she would like to have the visual part of project presentations reinstated.

X. FUTURE AGENDA ITEMS. **Victor Merced** says the following will be part of the December Agenda:

- Budget Update
- Oregon ON Training (one hour)
- One Economy's efforts in Oregon
- Housing Council Retreat Updates will be given at the January 2010 meeting

Chair LaMont adjourns the meeting at 12:45 p.m.

/s/ Maggie LaMont 12/4/09
Maggie LaMont, Chair **DATE**
Oregon State Housing Council

/s/ Victor Merced 12/4/09
Victor Merced, Director **DATE**
Oregon Housing & Community Services.