

# OREGON STATE HOUSING COUNCIL

## Minutes of Meeting

Meeting Location:

Oregon Department of Transportation

Conference Room 122

355 Capitol Street NE

Salem, OR 97301

**9:00 a.m.**

**August 27, 2010**

### MEMBERS PRESENT

Maggie LaMont, Chair

Tammy Baney

John Epstein

Mike Fieldman

Francisco López

Nancy McLaughlin

Jeana Woolley

### MEMBERS ABSENT

### GUESTS

Stan Stradley, Umatilla County Housing Authority

Claudia Cantu, CASA

Mark Rozgay, TimberRiver Development

Kate McCusker, Shelter Resources, Inc.

Ryan Fisher, OHA/CAPO

Tony Chrisman, Chrisman Development

Scott Foster, Housing Authority of Jackson Co.

Jason Elzy, Housing Authority of Jackson Co.

Ruby Mason, Columbia Cascade Housing Corp.

Robin Boyce, HDC

Dee Luckenbill, Luckenbill-Drayton

Rod Graham, Architect

John MacInnis, Cascade Community Development

Mike Masat, Rose CDC

Anne Williams, St Vincent de Paul Society of Lane County

Charlie Harris, St Vincent de Paul Society of Lane County

Karen Shawcross, Bienestar

Lindsay Quartini, CASA

Betty Dominquez, HAP

Stephen McMurtrey, Northwest Housing Alternatives, Inc.

Sue Lind, FHDC

Jaime Arredondo, FHDC

Anna Geller, Geller Silvas & Associates

Tamara Holden, Geller Silvas & Associates

David Crawford, Geller Silvas & Associates

Monika Elgert, Enterprise

Andy Shaw, HDC

Rob Prasch, NOAH

Lisa Rogers, CASA

Tom Cusack, Oregon Housing BLOG

Cyndy Cook, Housing Works

### STAFF PRESENT

Victor Merced, Director

Bob Gillespie, Housing Division Administrator

Marlys McNeill, Asset and Property Management Division Administrator

Dave Summers, Multifamily Section Manager

Lisa Joyce, Policy and Communication Unit Manager

Karen Clearwater, Regional Advisor to the Department

Deborah Price, Regional Advisor to the Department

Karen Chase, Regional Advisor to the Department

Bruce Buchanan, Regional Advisor to the Department

Vince Chiotti, Regional Advisor to the Department

Shelly Cullin, Senior Loan Officer

Tony Penrose, CFC Manager and Resource Coordinator

Mike McHam, Appraiser & Market Analyst

Carol Kowash, Loan Officer

Dolores Vance, Loan Officer

Roz Barnes, Loan Officer

Debie Zitzelberger, Loan Officer

John Cieri, Housing Asset Manager

Joyce Robertson, Loan Specialist

Theresa Easbey, Loan Specialist

Frank Silkey, Architect

Mariana Crawford, Tax Credit Program Coordinator

Aria Seligmann, Senior Communication Advisor

Jo Rawlins, Recorder

I. **CALL TO ORDER:** Chair LaMont calls the August 27, 2010 meeting to order at 9:15 a.m.

II. **ROLL CALL:** Chair LaMont asks for roll call. **Present: Tammy Baney, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont. John Epstein was absent at time of roll call, arriving at 9:20 a.m.**

III. **PUBLIC COMMENT:** None.

IV. **APPROVAL OF MINUTES**

A. Chair LaMont asks if there are any corrections to the July 23, 2010 Minutes. There being no corrections, the Motion was read:

**MOTION: Baney moves that the Housing Council approve the Minutes of the July 23, 2010 Council meeting.**

**VOTE: In a roll call vote the motion passes. Members Present: Tammy Baney, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont. Absent: John Epstein.**

V. **RESIDENTIAL CONSENT CALENDAR:** None.

VI. **SPECIAL REPORTS:** None.

VII. **NEW BUSINESS:**

A. *Election of Housing Council Vice Chair.* **Merced** explains that pursuant to Article 6, Section 2 of Council's Bylaws, a vice chair needs to be appointed, and that typically that opportunity has been given to someone who is the next most tenured Council member. **LaMont** says that John Epstein would be next in line.

**MOTION: Woolley moves that, pursuant to Article 6, Section 2 of the Bylaws of the State Housing Council, John Epstein be appointed to serve as Vice Chair of Housing Council for up to two (2) years.**

**VOTE: In a roll call vote the motion passes. Members Present: Tammy Baney, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont. Absent: John Epstein.**

B. *2010 Consolidated Funding Cycle.*

1. *Overview.* **Tony Penrose**, Consolidated Funding Cycle Manager and Resource Coordinator, and **Dave Summers**, Multifamily Section Manager. **Penrose** reports that 42 applications were received this round; 26 were selected for funding, and of those, three are stand-by projects; 16 projects are requesting resources in excess of \$200,000 from any single program, or \$400,000 of combined programs. In this round the department forward-allocated some LIHTC, HOME, GHAP and Housing Trust Fund in an effort to fund the maximum number of projects. The three stand-by projects require additional budget or work approval before presentation to Housing Council. Resources have been set aside for populations that have been

largely underserved: homeless, chronically homeless, or persons at risk of homelessness, along with the continuing goal of preservation projects. In this round, 50% of all grant and tax credit resources and all preservation funds were targeted to preservation projects. Fifteen of the 42 applications were from projects that would meet this goal. The remainder were allocated proportionately to the urban/metro and rural areas. The urban/metro consists of city and county entitlement areas that receive their own allocations of HOME funds, which include Corvallis, Clackamas County, Eugene/Springfield, Salem/Keizer, Multnomah County and Washington County. The rural allocation is the remainder of the state. The department was able to allocate 44% of the resources through set asides. An average of 49 years of affordability was committed. OHCS was able to serve housing authorities, for profits and nonprofits. There is a mix of project types, including 12 new construction, 13 acquisition/rehab, and one rehab. The department met or exceeded its performance goals, taking into account that the RD/HUD project-based units will serve 30% AMI and the remaining at or below 50% AMI. Under the proposed reservation by performance measurables, 52% of the goal was met with a wide variety of populations served. **Penrose** gave an overview of projects that were approved that did not need Housing Council approval. **McLaughlin** asks if there is anything that shows how the funding amounts correlate to overall needs throughout the state. **Merced** states that in a way yes, because each of the applications have a priority assignment. **Gillespie** adds that it is separate from the manual, and that it is published on the department's website each year and shows special needs by county. **McLaughlin** says it would be helpful to have more information on the sites as to what they look like and whether there were any issues; more information on the type of rehabs; the levels of service; and a list of what projects did not make the cut and why. **Summers** says the group of applications were very good and the difference between the projects that were funded and those that were not got down to some very small factors. **Merced** asks **Summers** to describe the new process that was implemented this year. **Summers** gives an overview of the application process and the site review process.

**Fieldman** asks if the community service side of the agency is involved. **Summers** explains that the evaluation of the service package within the application is done with the service side of the agency. **Baney** asks if the Executive Team was only given the recommendations of staff, or if they also had the other projects to balance that with. **Summers** states that both the recommended projects and the group of waiting list projects were identified. The Executive Team was not briefed on all of the applications, but on the group that the department could fund with available resources, plus a waiting list should projects fall out. **Baney** says that since these are public funds, there needs to be a transparency of why someone would not be funded, and asks if the scoring sheets or criteria are public information. **Gillespie** responds that they are not. The department has had this reviewed by the AG's office, and their view is that to give out the scoring sheets and how they were scored, is the same as giving the answers to the test. **Baney** says that if she were an applicant and not being a good author excluded her from funding, she would hope there was a way to remedy that and get around what the AG has determined. **Summers** explains that staff meets with the Regional Advisors to the Department, goes through each application for the projects that were not recommended, and they identify why the application was found to be lacking. Then the RAD contacts each individual sponsor and identifies areas that they can correct and expand upon, and identifies programmatic threshold issues. **Fieldman** adds that the department is also very good in working with sponsors to make sure they submit as strong an application as possible. **Epstein** explains that Council used to get more information on the applications, but over the last two years they tried to move the list from Council as a deal and/or decision maker, more to a Council that determines if the funds were allocated as a good public use: does it look good and is it servicing the population intended, as opposed to getting into site

issues. Staff's job is to figure out if it has site access that is developable. Housing Council is at a higher level. We moved to that process to assist staff with their workload, since they were writing so much detail to get Council answers. **McLaughlin** says she would be interested in having some substantive brief comments about some of the issues. **Woolley** adds that the reason Council instituted the site review process is because one of the issues they have had is projects coming back over and over because they do not get the job done with the first allocation, and Council is trying to move to a new level where they get the job done with public resources the first time. If the sponsor and their team do not have the depth that they need to identify the need up front, Council wants to know that at the application process so it can be retooled and refocused so they get a good project with the money invested. **Gillespie** says that is correct.

**Summers** states that the department is currently working with an envelope specialist at an engineering firm to establish a set of construction standards for new construction and rehab. The department will be able to use those standards as a guide for the architects and contractors. **Woolley** asks about the time line for doing that, stating that the standards need to be set for the dollars that are being given out. **Summers** says that on ARRA projects that were awarded last year, the department has contracted with outside engineer firms to provide the department with course of construction inspections that are extremely detailed. The department is investigating ways that it can incorporate those inspections into all of the projects that are awarded in the 2011 CFC. He says it is an expensive endeavor. **Woolley** says yes, but it is part of the cost of doing business and is necessary. **LaMont** asks **McLaughlin** what she would like to see for the site/rehab description. **McLaughlin** says to make the short form descriptions consistent, and to include scope of rehab descriptions.

**LaMont** asks if there are buyers for all of the allocated LIHTC. **Gillespie** says the market has improved slightly and the department is relying on there being an exchange of credits. Congress did not act on that this year, which did not help some of the projects in the application process.

**Baney** asks about Council's role for the projects that did not get funded. **Woolley** suggests that she talk to staff and the RAD in her region so that she can get the background on projects in her area that she is being asked about because that information cannot be discussed in a public meeting. **Gillespie** states that the short forms are for Council's information. By statute, the Housing Council's role is to approve projects over \$200,000 from any one source, and \$400,000 in combined sources, and Council will be looking at projects that meet that criteria. **López** asks if there is an appeal process for applications that are not accepted. **Gillespie** answers no there is not. **López** asks if applicants that are not selected can reapply. **Gillespie** explains that part of the RAD's responsibility is to communicate that process to the sponsor. The AG's Office recommended that we do not have an appeal process. **Woolley** adds that there are a lot of applicants that are not awarded, and if they keep trying to improve and reapply, they usually are able to come in at a later round. **López** says he wants to commend the department for the focus in rural areas. **Summers** says that this round of competition in the rural areas of the state was more keen than in the urban areas.

2. *Castle Rock Apartments (Boardman, OR).* **Mike McHam**, Appraiser and Market Analyst, introduces **Stan Stradley**, Executive Director, UCHA, **Claudia Cantu**, CASA, and **Bruce Buchanan**, Regional Advisor to the Department. **McHam** refers to the write-up in Council's packet and reports that this a proposed 40-unit project that includes a range of one to four-bedroom units for various family sizes targeting farmworker housing populations with incomes at or below 60% MFI, with six of the units at 50% MFI. UCHA will manage resident

services by linking with multiple area service providers. The total project cost is \$8,501,801, or \$212,545 per unit, including LIHTC, HOME, Trust Fund/GHAP from the department, plus additional funding from USDA Rural Development. **Fieldman** asks if the project is in town and what kind of transportation is available for the farmworkers. **Stradley** responds that there are several farms that run vans and the processing plants are within 1.5 miles from the site. Most families have at least one vehicle, or they share rides with each other. **Fieldman** asks if the project is solely for farmworkers, and if there is a change many years from now and the need for this type of housing decreases, if there is the option to serve another population. **Stradley** says there have been instances where the population need changes, but for this project he does not see that agriculture would go away in that area due to the multitude of crops being farmed and processed. **Baney** asks what would occur if they did not receive the RD funds. **McHam** says they would not be able to fund the project now. **Shelly Cullin**, Senior Loan Officer, adds that on RD projects, RD has to obligate all their funds by September 30<sup>th</sup>. **LaMont** asks if there are any rental assistance in the units. **Stradley** says they all have rental assistance. **Epstein** states that he needs to declare a conflict on this project due to Wells Fargo Bank's involvement.

**MOTION:** Woolley moves that the Housing Council approve a \$650,000 loan reservation of HOME funds and a \$200,000 loan reservation of HDGP/GHAP Program funds to Umatilla County Housing Authority for completing the new construction of Castle Rock Apartments in Boardman, Oregon, contingent upon meeting all HOME program requirements and conditions of award.

**VOTE:** In a roll call vote the motion passes. Members Present: Tammy Baney, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont. Abstains: John Epstein.

3. *High Desert Commons (Redmond, OR).* **Mike McHam**, Appraiser and Market Analyst, introduces **Mark Rozgay**, and **Debbie Price**, Regional Advisor to the Department. **McHam** refers to the write-up in Council's packet and reports that this project is a proposed, wood-framed, two-and three-story garden walk up design containing 28 units of both two and three bedrooms, targeting workforce housing with incomes at or below 50% MFI. The sponsor is teaming with NeighborImpact to provide appropriate services to residents. The total project cost is \$5,897,494; \$210,625 per unit. The funding includes LIHTC, HOME and Trust Fund from the department, plus additional funding from USDA Rural Development. A portion of the developer fee is being deferred. The co-sponsors are experienced developers with more than 75 affordable housing projects developed since 1981. The Sponsor has sufficient development capacity to complete the project. **Epstein** comments that from a market standpoint the rents are good for what is going on in Central Oregon, but that Redmond is very cyclical, and he wants to make sure an analysis was done. **Rozgay** says the market is at 50% of MFI, but their rents are at 40%, which is 12% to 16% under the current market. **Baney** states that she needs to declare a conflict on this project due to her being a board member for NeighborImpact.

**MOTION:** McLaughlin moves that the Housing Council approve a \$683,000 loan reservation of HOME funds and \$200,000 loan reservation of HDGP/GHAP funds to Timber River Development, Inc. (Sponsor), for completing the new construction of High Desert

**Commons in Redmond, contingent upon meeting all HOME Program requirements and conditions of award.**

**VOTE: In a roll call vote the motion passes. Members Present: John Epstein, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont. Abstains: Tammy Baney.**

4. *Arends Place I and II (Hood River, OR).* **Carol Kowash**, Loan Officer, introduces **Kate McCusker**, Shelter Resources, Inc., and **Deborah Price**, Regional Advisor to the Department. **Kowash** refers to the write-up contained in Council's packet and reports that this project is an acquisition-rehab property in Hood River, with 62 units for family and elderly/disabled. 33 of the units have USDA Rural Development rental assistance, which will preserve the project, as well as extend the useful life of the property by an estimated 30 years, with rents to be affordable for 50 years. The complex has a mix of one and two bedroom units affordable from 30% of tenant income levels to 50% of AMI. The owner is requesting that 100% of the units have rental assistance, rather than the current 33%. Approval of assistance is pending for the additional units. The project will need an award of \$700,000 in HOME and \$200,000 in GHAP. In addition, LIHTC of \$533,338 in annual allocation was approved by the Executive Team. RD will capitalize \$2M to help renovate the property. \$45,000 per unit will be utilized for rehab of the property. Shelter Resources is the principal in the ownership entity, and they have completed 29 other projects for OHCS. The team members are experienced, having 10 to 30 years in affordable housing development. **McLaughlin** asks if \$45,000 a unit will be sufficient to get the job done. **McCusker** responds that they have gone through a very intensive capital needs assessment. There has been little deferred maintenance, and they try to always make sure the property is well maintained. The goal is to make sure they do things that will extend the life of the property. **Kowash** states that because these are RD units, the scope of rehab will be reviewed carefully. **McCusker** says they are capitalizing \$100,000 into the replacement reserves and increasing those reserve deposits to \$450 a unit, which will allow for the continued maintenance of the project. **McLaughlin** asks if there will be relocation required. **McCusker** states that there will be no permanent relocation, only temporary, and it will be on-site.

**MOTION: Baney moves that the Housing Council approve a \$700,000 loan reservation of HOME funds and a \$200,000 loan reservation of HDGP/GHAP funds to Shelter Resources Inc., completing the acquisition and rehabilitation of Arends Place 1 & 2 in Hood River, Oregon, contingent upon meeting all HOME requirements and conditions of award.**

**VOTE: In a roll call vote the motion passes. Members Present: Tammy Baney, John Epstein, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont.**

5. *La Grande Retirement Apartments (La Grande, OR).* **Dolores Vance**, Loan Officer, introduces **Tony Chrisman**, Vice President of Chrisman Management & Development, Inc., and **Bruce Buchanan**, Regional Advisor to the Department. **Vance** refers to the write-up contained in Council's packet, and reports that this is a preservation project of 46 units for elderly and disabled, with a Section 8/HAP contract that will expire next September. The rents are 60% or below AMI and are subsidized by HUD. They are looking at

a 30-year affordability period, with a 20-year HAP contract renewal. The sponsor has extensive experience with Section 8, RD, LIHTC and other department funding. The sponsor will be the owner/manager, which has been approved by HUD. They will do a significant rehab of this project to meet the 30-year sustainability requirement. The total cost per unit will be \$88,802; construction cost per square foot is \$37.68. They have a letter of interest from Raymond James as the equity investor. The lender will be the Bank of Eastern Oregon as the construction and permanent lender. The acquisition will be \$1,414,000, construction \$1,574,400, development costs \$1,096,500, for a total of \$4,084,900. **Woolley** asks if the equity investor is waiting for this allocation before they commit. **Vance** says yes. **Epstein** asks if they have a formal arrangement with the service providers. **Chrisman** states that they have an arrangement with Community Connections, which is the local service provider in the area. He says he appreciated the new process where the construction managers came out and viewed the site. It was nice to be able to stand there with someone from the department to point out the issues and get some other insight. **Gillespie** comments that this is one of the best built buildings they looked at with all the other preservation projects, and the scope of rehab is quite adequate. **LaMont** states that 30 years, with the winters in LaGrande, is good.

**AMENDED MOTION: Woolley moves that the Housing Council approve a grant reservation of \$200,000 Housing Development Grant Program (Trust Fund/GHAP), and \$740,002 of Housing Preservation Funds (HPF) to Chrisman Development & Management, Inc., for completing the acquisition and/or rehabilitation of La Grande Retirement in La Grande, Oregon, contingent upon meeting all program requirements and conditions of award.**

**VOTE: In a roll call vote the motion passes. Members Present: Tammy Baney, John Epstein, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont.**

6. *Canterbury Hills (Medford, OR).* **Shelly Cullin**, Senior Loan Officer, introduces **Scott Foster**, Executive Director, **Jason Elzy**, Program Manager with the Housing Authority of Jackson County, and **Karen Clearwater**, Regional Advisor to the Department. **Cullin** refers to the write-up contained in Council's packet and reports that this project is a proposed 48-unit apartment complex in Medford that will be affordable to households of 50% and 60% of AMI. The unit mix consists of 14 one-bedroom units, six two-bedroom one-bath units, 18 two bedroom, 1.5 bath townhouse units, and 10 three-bedroom, two-bath units. The project is designed to achieve an Earth Advantage Multifamily Certification. The Energy Star and Earth Advantage upgrades will result in \$200 annual savings per unit. The project includes a 1,300 square foot community building that includes a large area for meetings, kitchen, two accessible restrooms and computer lab. This project is a sister project to Scenic Heights in Central Point and Snowberry Brook in Ashland. The total projects costs are \$8,875,000. Construction costs are estimated at \$5,791,142 or \$120,649 per unit, a permanent loan of \$1.6M, and a deferred developer fee of \$350,000. The Housing Authority has two letters of interest for construction financing from Key Bank and Chase Bank; two letters of interest for permanent financing from NOAH and Enterprise; and a letter of interest from Key CDC for the equity investment. The Housing Authority of Jackson County is the project developer, general partner and management agent for the project. Their portfolio includes 1,000 rental units. They have extensive experience with the department's financing programs.

**MOTION:** Baney moves that the Housing Council approve a \$600,000 grant reservation of HOME funds and a \$200,000 grant reservation of HDGP/GHAP funds to the Housing Authority of Jackson County, completing the new construction of Canterbury Hills in Medford, Oregon, contingent upon meeting all HOME and HDGP/GHAP program requirements and conditions of award.

**VOTE:** In a roll call vote the motion passes. Members Present: Tammy Baney, John Epstein, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont.

7. *Bella Vista / Riverside Apartments (Hood River, OR).* Shelly Cullin, Senior Loan Officer, introduces Ruby Mason, Executive Director of Columbia Cascade Housing Corp, Robin Boyce, HDC, and Deborah Price, Regional Housing Advisor for the Department. Cullin refers to the write-up in Council's packet and reports that Columbia Cascade Housing Corp. is proposing to acquire and rehabilitate Bella Vista and Riverside Apartments located in Hood River. She explains that until 2009, there were two local affordable housing providers in Hood River County: Columbia Cascade Housing Corp. and Housing for People (HOPE). HOPE was forced to disband in 2009 due to financial shortfalls and lack of capacity, leaving a portfolio of 132 units of affordable housing at risk of foreclosure (27% of the 470 rent restricted units in the county). CCHC is completing the process of acquiring all but one of HOPE's projects. Bella Vista and Riverside consist of 54 units and are located within a mile of each other. The condition of the properties have deteriorated. CCHC proposes to combine the two sites into a single project. The sponsor does have interest letters from Boston Capitol for the equity investment, Shorebank for the permanent financing, and Wells Fargo for the construction financing. Riverside has stairs, landings, porches, sidewalks that were constructed on poorly compacted fill and settling has exposed these structures, so immediate repairs are needed. The rehab budget for both projects is \$2,450,000, or \$45,000 per unit. CCHC has been in operation since 1988 and owns 18 properties with 264 units. CCHC is a stable organization with a good reputation in the area. They have received support from both NeighborWorks and Meyer Memorial to increase their capacity and successfully meet the challenge of absorbing HOPE's portfolio. Mason comments that HOPE has stepped out of the area, and there is a critical and chronic shortage of affordable workforce housing, and it is essential that they preserve this important housing in the community. HDC has done a thorough job of reviewing the property and making sure there are adequate reserves in place to keep this property in good shape for the next 30 years. Price adds that the dissolution of HOPE severely impacted the Gorge area, and that CCHC has worked to evaluate what they would be taking on if they attempted to take on these projects. Woolley asks if Shorebank's situation impacts their commitment. Boyce explains that Shorebank is being acquired by CFI in California and they expect they will have the same interests. McLaughlin asks if the issue of poorly compacted fill has been corrected. Mason says that was part of the problem at Riverside, and they have corrected the essential ones to meet HQS. Gillespie states that the foundation is sound and there are no cracks in the foundation. This problem occurred when they built the exterior decks, but the main structure is sound. Boyce comments that they have had extensive soil testing done. Epstein says he needs to declare a conflict on this project due to Wells Fargo Bank's potential involvement.

**MOTION:** Baney moves that the Housing Council approve a \$831,880 grant reservation of HOME funds and \$500,000 in

**HDGP/GHAP funds to Columbia Cascade Housing Corporation, completing the rehabilitation of Bella Vista and Riverside in Hood River, Oregon, contingent upon meeting all HOME and HDGP/GHAP Program requirements and conditions of award.**

**VOTE: In a roll call vote the motion passes. Members Present: Tammy Baney, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont. Abstains: John Epstein.**

8. *Cascade Meadows Senior Apartments (Hood River, OR).* **Roz Barnes**, Loan Officer, introduces **Ruby Mason**, Cascade Housing Corporation, **Dee Luckenbill**, Consultant, **Rod Graham**, Architect, and **Deborah Price**, Regional Advisor to the Department. **Barnes** refers to the write-up contained in Council's packet and reports that this is a proposed new construction project by CCHC. CCHC is a nonprofit that serves a wide variety of populations including workforce, seriously mentally ill, homeless, farmworker and senior housing. CCHC is experienced with a wide range of department funding. This project site is suitable for development, located in a residential area of Cascade Locks, and will include 12 one-bedroom units, with a two-bedroom manager unit and community room. The project will be built with sustainable and green building materials, including a 50 year roof, cement board and stone siding, bioswale drainage, and native landscaping. The single story design is targeted to elderly residents earning no more than 50% AMI, with HUD 202 Project-based assistance. Construction costs per unit is just over \$192,000. The lack of affordable housing for seniors in Cascade Locks makes it difficult for this population to find housing, and the need is urgent. **Fieldman** asks for clarification of the cost per unit. **Barnes** states that it is \$192 per square foot per unit. **Mason** adds that they acquired this property in 2006 and have been working on it since then. She says that Deb Price has guided them and given them excellent advice to help get their application to the point where it was ready to be funded. They received the only HUD award in Oregon this year. **Woolley** says it is unusual to see a project that is at 30% AMI, and she congratulates them on achieving that.

**MOTION: Woolley moves that the Housing Council approve a \$1,008,669 grant reservation of HOME funds and \$100,000 in GHAP funds to Columbia Cascade Housing Corporation, completing the new construction of Cascade Meadows Senior Apartments in Cascade Locks, Oregon, contingent upon meeting all HOME Program requirements and conditions of award.**

**VOTE: In a roll call vote the motion passes. Members Present: Tammy Baney, John Epstein, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair Maggie LaMont.**

9. *Kearney II (Bend, OR).* **Carol Kowash**, Loan Officer, introduces **John MacInnis**, Cascade Community Development, and **Deborah Price**, Regional Advisor to the Department. **Kowash** refers to the write-up contained in Council's packet and reports that this will be a new construction six-unit single-room occupancy complex in a community living situation consisting of five residential and one manager unit, for disabled persons with services targeted to a developmental disability focus. The tenants have or will attain the ability to live with relative independence as family support lines decrease due to age or other factors. Most

residents either work part time or are involved in daily activities part of most days. Each tenant will have a lockable storage and bedroom area. Active caseload households in Deschutes County currently are at 250 families, with only 43 units available. Services include individual case management, supporting services, self-directed supports, skill building and recreational activities. Cascade Community Development has provided expertise in developing this model of housing to other states and organizations. **Epstein** asks how they will repay the \$20,000 line of credit. **MacInnis** says they will use the \$20,000 as a cushion and that they have enough cash flow to repay it. **Fieldman** comments that the state is considering changing the priorities for CDBG and moving away from funding DD and mental health type housing, and asks if he has a sense of what impact that would have. **MacInnis** states that the City of Bend has its own allocation and that for other projects it would have more of an impact. **Fieldman** says he was trying to get a sense of what the ripple effect would be on this kind of project. **MacInnis** responds that CDBG is fairly restrictive. **Price** adds that Bend has an affordable housing fund which is funded by using other funding sources and that those funds are less restricted than CDBG.

**MOTION:** Baney moves that the Housing Council approve a \$396,000 grant reservation of GHAP/Trust Funds to Cascade Community Development, completing the new construction of Kearney II in Bend, Oregon, contingent upon meeting all GHAP/Trust Fund requirements and conditions of award.

**VOTE:** In a roll call vote the motion passes. Members Present: Tammy Baney, John Epstein, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont.

10. *Bellrose Station Apartments (Portland, OR).* **Carol Kowash**, Loan Officer, introduces **Mike Masat**, Housing Developer with Rose Community Development Corporation, and **Vince Chiotti**, Regional Advisor to the Department. **Kowash** refers to the write-up contained in Council's packet and reports that this is a 40-unit development built in 1971 in Portland, serving families and Veterans with a mix of rents from 30% to 50% MFI. It is an acquisition/rehab project that will be affordable for 60 years. Seven of the units are expected to have permanent supportive housing. Rehabilitation will provide low-income persons with housing for 30 more years, at a minimum, without further capitalization. There are 31 two-bedroom and 9 three-bedroom units, one of which is a manager unit. The complex is well located for employment opportunities and easy transit. The project will be built with sustainable/green features and will add a community center. Rose CDC has previously developed 370 units of affordable units. **Merced** asks what the Portland Youthbuilders contribution will be. **Masat** says they are going to be doing some in-kind labor, landscaping and concrete work.

**MOTION:** Epstein moves that the Housing Council approve a \$500,000 grant reservation of GHAP/Trust Funds to Rose CDC, completing the acquisition and rehabilitation of Bellrose Station Apartments in Portland, Oregon, contingent upon meeting all GHAP/Trust Fund requirements and conditions of award.

**VOTE:** In a roll call vote the motion passes. Members Present: Tammy Baney, John Epstein, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont.

11. *Malheur Village Apartments (Vale, OR)*. **Debie Zitzelberger**, Loan Officer, introduces **Anne Williams**, Housing Director, St. Vincent de Paul Society of Lane County, **Charlie Harris** with CASA acting as the consultant, and **Bruce Buchanan**, Regional Advisor to the Department. **Zitzelberger** refers to the write-up in Council's packet and states that the project will be an acquisition/rehab of 24 units built in 1976. Based on a full inspection, the sponsor has proposed an extensive scope of rehab, and the contractor has completed a unit-by-unit inspection to provide the cost estimate. The sponsor anticipates the rehab will add an additional 30 years of life to the project. The total project cost is \$2.2M. The complex has 20 units of RD rental assistance, making it affordable to households from below 30% of AMI to households up to 60% of AMI. The tenants are a mix of families and households in their mid-50s. Half the tenant population has lived at the complex for five years or more. **Williams** adds that the project represents nearly 90% of the affordable housing stock in the community, is the only subsidized family housing in the community, and there is great community support for this project. **Fieldman** asks about the location of the management company. **Williams** says that Neel Management Company is based out of Creswell and will maintain an on-site manager. **McLaughlin** asks how they will handle the relocation during rehab. **Williams** explains that there is a motel in Vale and she will be working with Neel Management, RD and the tenants to evaluate some of the relocation options. They have \$60,000 in the budget for rental of motel units in Ontario.

**MOTION:** Woolley moves that the Housing Council approve an award of up to \$500,000 grant reservation of GHAP funds and \$500,000 Housing Preservation Funds to St. Vincent DePaul Society of Lane County to acquire and rehabilitate Malheur Village in Vale, Oregon, contingent upon meeting all GHAP and HPF Program requirements and conditions of award.

**VOTE:** In a roll call vote the motion passes. Members Present: Tammy Baney, John Epstein, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont.

12. *Juniper Gardens Apartments (Forest Grove, OR)*. **Debie Zitzelberger**, Loan Officer, introduces **Karen Shawcross** from Bienestar, **Lindsay Quartini** from CASA, and **Vince Chiotti**, Regional Advisor to the Department. **Zitzelberger** refers to the write-up contained in Council's packet and explains that in addition to the competitive resources awarded in the 2010 CFC, the proposal includes a request for an Oregon Rural Rehabilitation (ORR) loan, which is not part of the CFC resources. However, to accommodate the borrower, the ORR is included in the packet for Housing Council's consideration. If approved by Council, a separate ORR loan commitment will be issued to Bienestar with the ORR loan conditions. This project will consist of 24-units, with an option to purchase 6.5 acres of high quality land in Forest Grove. The site will be developed in multiple phases. This project will be phase one and use 2.7 acres of the site. The designated population is farmworkers. The project will consist of six two-story buildings with a community building. The total project cost is \$5,783,748. **Shawcross** says the new site review process is very rigorous and there has been good due diligence. This project will help meet an urgent need for farmworker housing in the community. She says the project is designed to receive Earth Advantage and LEED silver certification. **Epstein** asks if there has been a name change in the organization. **Shawcross** states that it is just a name change. When the market crashed they needed to diversify their funding base and wanted to encourage investors.

Bienestar means well-being in Spanish and it reflects their mission. **McLaughlin** asks for a further explanation about the Oregon Rural Rehabilitation loans. **Zitzelberger** states that the maximum loan is \$100,000, and that typically it is 1% for a maximum of 10 years. It is a very old program, created back in the depression era, specifically for farmworker loans.

**MOTION:** López moves that the Housing Council approve an award of up to \$500,000 grant reservation of GHAP funds and an up-to-loan commitment amount of \$100,000 Oregon Rural Rehabilitation loan to Bienestar to complete the new construction of Juniper Gardens Apartments in Forest Grove, Oregon. Award is contingent upon meeting all GHAP requirements and conditions of award. The Oregon Rural Rehabilitation loan commitment is contingent upon meeting all underwriting conditions prior to closing on the acquisition of property.

**VOTE:** In a roll call vote the motion passes. Members Present: Tammy Baney, John Epstein, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont.

13. *Ainsworth Court (Portland, OR).* **Debie Zitzelberger**, Loan Officer, introduces **Betty Dominguez**, Assistant Director of Development with the Housing Authority of Portland, and **Vince Chiotti**, Regional Advisor to the Department. **Zitzelberger** refers to the write-up contained in Council's packet, stating that this project is the rehabilitation of an 88-unit complex. The project was built in the 1940s and purchased by the Housing Authority in 1997. The property is in good condition for its age and is performing adequately. It lacks the capacity to absorb two extraordinary capital needs items: the hot water system has gone beyond its expected life span and some foundation issues with the exterior porches pulling away from the main structure. Total project costs will be \$1,980,000. This project targets the general family workforce population. **Dominguez** states that the units are contained in 22 buildings within two city blocks, spanning 4 acres. The affordability will remain for 60 years. With regard to the current hot water system, the two oil-fired tanks will be decommissioned and individual hot water heaters will be installed in the basements of all the units.

**MOTION:** Woolley moves that the Housing Council approve an award of up to \$500,000 grant reservation of GHAP funds to the Housing Authority of Portland to acquire and rehabilitate Ainsworth Court in Portland, Oregon, contingent upon meeting all GHAP program requirements and conditions of award.

**VOTE:** In a roll call vote the motion passes. Members Present: Tammy Baney, John Epstein, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont.

14. *Spring Street Apartments (Medford, OR).* **Dolores Vance**, Loan Officer, introduces **Stephen McMurtrey**, Northwest Housing Alternatives, Inc., and **Karen Clearwater**, Regional Advisor to the Department. **Vance** refers to the write-up contained in Council's packet and reports that this is a preservation project consisting of 56 units for elderly and disabled with HUD Section 8. The HAP contract will expire next February. The project was built in 1977, is a three-story elevator building with 50 one-bedroom units, 6 two-bedroom

units, and two community areas, with laundry rooms and a tenant lounge with a kitchen. The units are aimed at tenants at 50% AMI, and rents are controlled by HUD. The project has a 60-year affordability period. In the past, 105 units of HUD project-based assistance for senior and elderly housing have been lost in the Medford area. The sponsor has 1,487 units in 16 Oregon counties, including seven Section 8 projects. They are experienced with owning and managing large tax credit projects. The management agent will be Cascade Management. The construction cost per unit will be \$120,042; per square foot cost is \$46.87. They have a letter of interest from National Equity Fund, Inc., and they have been talking with Wells Fargo and Key Bank about the funding of the project. The total project costs will be \$6,722,375. **Clearwater** adds that the project is very needed. The building is in good condition, with well kept landscaping. It is in a desirable neighborhood in Medford, close to amenities. She says it is a good project to preserve and the renovation will be from the ground up. **McLaughlin** asks if it is currently occupied and, if so, what are their plans with regard to relocation of the residents. **McMurtrey** says they have done many relocations in the last few years, and they have a few on-site vacancies which they will use during the temporary relocation process. They use a service that has housing off-site in the community so they can rotate tenants to that during the process. **Epstein** says he needs to declare a conflict on this project due to Wells Fargo Bank's involvement.

**AMENDED MOTION:** **McLaughlin** moves that the **Housing Council** approve a grant reservation of \$200,000 of **GHAP/Trust Fund**, and \$1,627,524 of **Housing Preservation Funds (HPF)** to **Northwest Housing Alternatives, Inc.**, for completing the acquisition and rehabilitation of **Spring Street Apartments in Medford, Oregon**, contingent upon meeting all program requirements and conditions of award.

**VOTE:** In a roll call vote the motion passes. **Members Present:** **Tammy Baney, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont.** **Abstains:** **John Epstein.**

**15/16.** *Summerset Village (Sublimity, OR) and Westside Apartments (Stayton, OR).* **Roz Barnes**, Loan Officer, introduces **Sue Lind**, Farmworker Housing Development Corporation, **Jaime Arrendondo**, Farmworker Housing Development Corporation, and **Karen Chase**, Regional Advisor to the Department. **Barnes** refers to the write-up contained in Council's packet and reports that Farmworker Housing Development Corporation (FHDC) is proposing the preservation and rehabilitation of both projects, which are located in Sublimity and Stayton. FHDC is a nonprofit with 20 years of experience in farmworker projects with varied funding sources. The team is experienced in management and compliance and currently own four such properties. Both projects were built in 1985 and financed through RD. *Summerset* is a senior housing complex situated on 1.52 acres comprised of 24 units with a mix of 22 one-bedroom and 2 two-bedroom units in six single story buildings, plus a small community building. *Westside* consists of 24 units that will serve families, seniors and disabled persons. The unit mix is 8 one-bedroom and 16 two-bedroom units. She says that both current owners are eligible for prepayment; however, they must first market it to a qualified nonprofit. FHDC is willing to purchase both properties to keep them affordable. Both projects are over 25 years old and in extreme need of rehabilitation. She gives an overview of the rehab that will be done.

**Lind** states that the key is that the sponsor will be taking these to market rate housing if FHDC is not successful, which would be a big loss to the community. **Chase** notes that it makes a lot of sense to do these two projects as a package and that there is an economy of scale to be gained.

**MOTION:** **López** moves that the Housing Council approve a \$500,000 grant reservation of HDGP/GHAP funds, \$880,300 of HOME funds, and \$100,000 in HPF funds to the Farmworker Housing Development Corporation, completing the acquisition and rehabilitation of Summerset Village Apartments, in Sublimity, Oregon, contingent upon meeting all HDGP/GHAP, HOME, and HPF requirements and conditions of award.

**VOTE:** In a roll call vote the motion passes. **Members Present:** Tammy Baney, John Epstein, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont.

**MOTION:** **López** moves that the Housing Council approve a \$700,000 grant reservation of HOME funds, \$500,000 in HDGP/GHAP, and \$708,724 in HPF to Farmworker Housing Development Corporation, completing the acquisition and rehabilitation of Westside Apartments in Stayton, Oregon, contingent upon meeting all HOME and GHAP Program requirements and conditions of award.

**VOTE:** In a roll call vote the motion passes. **Members Present:** Tammy Baney, John Epstein, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont.

17. *85 Causey (Happy Valley, OR).* **Carol Kowash**, Loan Officer, introduces **Anna Geller**, Geller Silvas and Associates, **Tamara Holden**, Geller Silvas and Associates, and **Vince Chiotti**, Regional Advisor to the Department. **Kowash** refers to the write-up contained in Council's packet and reports that this is a four-story 41-unit new development complex of sustainable (Earth Advantage) workforce housing. Rents are affordable to those 50% and below AMI. There are 12 studio, 24 two-bedroom and four one-bedroom units. There is one two-bedroom manager unit. A permanent loan is likely, but the bank may not be able to utilize the tax credits. Geller Silvas and Associates have participated in the development of over 55 projects. **Epstein** comments that the studio unit rents look different and asks why that is. **Kowash** explains that with LIHTC and other resources, the studios will have the 50% and 60% AMI. Because they are not sure they will get the OAHTCs, they have designed it so that the rents will be lower than market regardless of whether or not they get the tax credits, and they are closer to market without them. On this project there is more flexibility to get different tenants in the units. If they get OAHTCs, they will have the ability to serve people at lower incomes. If they do not get the OAHTCs, they may have to market to 60% AMI. What they have done is to keep the rents at a lower level, but they are able to market to incomes that are higher. **Epstein** asks, based on the market dynamics, if they do not get OAHTCs and they have to raise the rents, if the rents will still be competitive rents in the market. **Kowash** says yes. **LaMont:** asks what funding they would use instead of the tax credits. **Geller** responds that they do have the tax credits awarded, and it is now their job to convince the lender to use them. **LaMont** asks what

they can do if they do not find someone. **Kowash** says they have a permanent loan and the tax credits would give the permanent loan a better interest rate, if the lender will take the credits. **Baney** asks if it will continue to serve a population that they are targeting. **Chiotti** states that because of the inability for banks to take on OAHTCs, the applications have had to show that they could work with or without the tax credits. He says the workforce housing will still be the target and will be affordable to them. **McLaughlin** asks who their LIHTC investor is. **Geller** says it is JP Morgan/CHASE. **Chiotti** adds that the investor called them ahead of time and that was the most positive call he had heard in a long time. The bank representatives came out from Florida during the site inspection to be sure we knew they wanted to do this deal.

**MOTION:** **Baney** moves that the Housing Council approve a \$300,000 grant reservation of HDGP/GHAP funds and \$56,965 in LIWX funds to Causey Affordable Ventures LLC, completing the new construction of 85 Causey in Happy Valley, Oregon, contingent upon meeting all HDGP/GHAP and LIWX Program requirements and conditions of award.

**VOTE:** In a roll call vote the motion passes. **Members Present:** **Tammy Baney, John Epstein, Mike Fieldman, Francisco López, Nancy McLaughlin, Jeana Woolley and Chair LaMont.**

**VIII. OLD BUSINESS:** None

**IX. REPORTS:**

**A. *Federal Stimulus Plan Update (Handout).*** **Merced** explains that because of the number of items on the agenda, the Federal Stimulus Plan Update was being distributed to Council members, instead of the usual oral report given.

**B. *Report of the Director.*** **Victor Merced** reports the following:

- ***Hardest Hit Fund.*** The department is proceeding with aligning its infrastructure in terms of hiring additional staff for implementing the fund. The department has been allocated another \$50M, primarily targeting those that are unemployed, and is still waiting for Treasury to give more guidance on the structure of that program. The additional funds will allow the department to extend the funding from 12 months to up to 18 months to help buy homeowners some additional time. It is estimated that it will allow the department to serve 2,000 additional people with mortgage assistance, if they are unemployed. **Woolley** asks if he thinks, with all of the resources that are coming to the department, that it will cause the department political problems with the legislature. **Merced** says that is a good question and it is hard to anticipate what the climate will be. These are federal dollars for specific federal programs. The bigger concern for him is the whole notion of where this is taking the agency. He says he is concerned with mission creep. We have never been an agency that provides foreclosure counseling or mitigation or this kind of prevention activity. He is concerned that the department is being driven by the state of the economy and the federal programs. **Woolley** says that might be something Council wants to keep in mind in terms of its strategic planning at this level. It concerns her too, by generating an expectation that Council did not necessarily want to be filling. **Baney** states that on paper the department is going to show an increase in staffing and it won't really be extracted out that it is federal funds. **Fieldman** says he has already heard that from some of the local legislators. **Merced** comments that the public does not differentiate between funding sources. **Baney** asks if

the department will be taking the dollars and filling that gap. **Merced** explains that with these dollars that cannot be done. **McLaughlin** notes that it does make the department vulnerable to show that it is receiving money from other sources. **Woolley** says it is something to be mindful of as we move forward. **LaMont** asks if there is any funding source at risk, due to the news yesterday of the budget shortfall. **Merced** responds yes, there are some general funding streams that are in danger. The Governor has asked that all agencies do a 9% budget reduction exercise for the remainder of the biennium. That will affect the emergency services and homelessness assistance. **Woolley** says she is concerned about the department being able to hold onto the new revenues that have been created. **Fieldman** comments that the ones to keep an eye on are the public purpose dollars because those are potentially at risk for sweep. **Merced** said he has instructed staff to be mindful about the language we use in our messaging.

- *3E Strategies.* The department has a contractual relationship with 3E Strategies. There has been a controversy at Department of Energy that there were some irregularities about 3E Strategies being awarded the contract. DOJ and the feds are looking at this because the contract used stimulus dollars to award the contract. OHCS has 3E Strategies on contract, but we followed all appropriate protocols and procedures. He says he is very glad the department's contracts staff are so thorough. **Woolley** asks what 3E Strategies is doing for the department. **Merced** explains that we had their team review our procedures due to the department receiving stimulus money for weatherization and sustainability and green building. We wanted to think beyond when the dollars run out and what our sustainability plans will be. There will be a report that will be produced and the contract will end.

- *HOST*, which is one of the CDCs, has gone out of business. They developed single-family housing, with a focus on low-income and minority households. They were a valuable partner and it is sad to lose them. **Woolley** says they had good relationships with the lending community with high profile people on their board. It is tragic. **McLaughlin** comments that Neighborhood Housing Services of America is also collapsing.

- Next month's Council meeting will be held in Bend, and there will be a project tour of some local projects.

- He has been attending some town hall meetings to discuss the anticipation of the Hardest Hit Funds. **Fieldman** asks what his thinking is on how that is going to roll out at the local level. **Merced** responds that the foreclosure counseling piece will be through the Regional Housing Centers, and the remainder will be done internally. A separate nonprofit had to be set up due to TARP requirements. **Baney** asks about the \$10M carve-out allocation to Jackson and Deschutes Counties and if that is still going to happen. **Merced** explains that there were five layers of spending plans for the dollars. The one layer that was not approved by Treasury was the pilot program to focus on those two counties. Treasury encouraged the department to continue working on that. The reason for the non-approval was that it was too conceptual and they wanted us to put more "meat on the bones." If not approved, that money will be spread to the other four layers that were approved. **Baney** points out that one of the considerations is the appearance of a potential political issue that has occurred since those two counties were unable to get that \$10M carve-out. **Merced** says there was never a deal with anyone. It came about because we thought it was an innovative way to spend some of these dollars and help those communities with high underwater mortgages. **Baney** says it is more of seeking a solution versus an innovation. **Merced** states that the department struggled in terms of messaging by implying that the majority of the money would go to the 16 counties. **Cyndy Cook** says that is a big perception issue they have in Deschutes County, and she does not think the department has done enough to satisfy that community, as well as Jackson County. **McLaughlin** asks if he is hearing the same thing from Jackson County. **Merced** states that he is hearing it from a lot of counties and the department is

