

OREGON STATE HOUSING COUNCIL

November 2, 2012



*Bud Clark Commons, Portland, OR
(130 Units; Multifamily)*

Meeting held at:
Oregon Housing and Community Services
725 Summer Street NE, Room 124 A/B
Salem, OR 97301
503.986.2005

OREGON STATE HOUSING COUNCIL

November 2, 2012

TABLE OF CONTENTS

<u>AGENDA</u>	1
<u>APPROVAL OF MINUTES</u>	
A. Minutes of September 7, 2012 Meeting	2
<u>NEW BUSINESS</u>	
A. Sommerville Apartments (Harrisburg, OR)	6
B. 20 th Street (McMinnville, OR)	8



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

STATE HOUSING COUNCIL MEETING

November 2, 2012

9:00 a.m.

Meeting Location:

Oregon Housing and Community Services
725 Summer Street NE, Room 124 A/B
Salem, OR 97301

AGENDA

- | | | |
|-------|--|---|
| I. | CALL TO ORDER | Jeana Woolley |
| II. | ROLL CALL | Jeana Woolley |
| III. | APPROVAL OF MINUTES | Jeana Woolley |
| | A. Minutes of September 7, 2012 Meeting | |
| IV. | DIRECTOR'S REPORT | Margaret Van Vliet |
| V. | PUBLIC COMMENT | Jeana Woolley |
| VI. | NEW BUSINESS | Julie Cody, Loren Shultz, Joyce Robertson |
| | A. <i>Sommerville Apartments</i> (Harrisburg, OR), General Housing Account Program request and Oregon Affordable Housing Tax Credits request for acquisition and rehabilitation. | |
| | B. <i>20th Street</i> (McMinnville, OR) General Housing Account Program request for acquisition and rehabilitation. | |
| VII. | REPORT OF THE CHAIR | Jeana Woolley |
| VIII. | FUTURE AGENDA ITEMS | Margaret Van Vliet |
| | A. 2013 Housing Council Meeting Dates | |

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OREGON STATE HOUSING COUNCIL
Telephone Conference
Minutes of Meeting

Meeting Location:
Oregon Housing and Community Services
725 Summer Street NE, Room 124 B
Salem, OR 97301

9:00 a.m.
September 7, 2012

MEMBERS PRESENT

Jeana Woolley, Chair
Mayra Arreola
Aubre Dickson
Mike Fieldman
Zee Koza (in person)
Adolph "Val" Valfre, Jr.

STAFF PRESENT

Margaret S. Van Vliet, Director
Karen Tolvstad, Policy, Strategy & Community
Engagement Division Administrator
Diana Koppes, Business Operations Division
Administrator
Jo Rawlins, Executive Assistant
Greg Current, Recorder

MEMBERS ABSENT

None

GUESTS

Christel Allen, NW Public Affairs (via phone)
Rob Prasch, NOAH (via phone)

I. **CALL TO ORDER:** Chair Woolley called the September 7, 2012 meeting to order at 9:04 a.m.

II. **ROLL CALL:** Chair Woolley asked for roll call. **Present:** Mayra Arreola, Tammy Baney, Aubre Dickson, Mike Fieldman, Adolph "Val" Valfre, Jr., Zee Koza, and Chair Jeana Woolley.

III. **APPROVAL OF MINUTES:** Chair Woolley asked if there are any corrections to the August 10, 2012 Minutes. There being no corrections, the Motion was read:

MOTION: Zee Koza moved that the Housing Council approve the Minutes of the August 10, 2012 Council meeting.

VOTE: In a roll call vote the motion passed. **Members Present:** Mayra Arreola, Aubre Dickson, Mike Fieldman, Adolph "Val" Valfre, Jr., Zee Koza, and Chair Jeana Woolley. **Abstain:** Tammy Baney.

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IV. **DIRECTOR'S REPORT:** Margaret Van Vliet, Director, reported the following:

- *Agency Request Budget* has been submitted and the Governor's Program Funding Teams will be reviewing those in the month of September, as well as the budget management analytical staff, who will reconcile and make their recommendations in the Fall. The Governor will issue his Recommended Budget on December 1, and then it will go to the 2013 Legislature for approval.
- *Foreclosure Mitigation.* Implementation of SB 1552 has begun. OHSI work continues. Senator Merkley's refinance plan is getting more attention from the US Treasury and others in Washington, so the department may be asked to help pilot some of those refinance ideas and is something that may gain attention.
- *Legislative Days.* The Legislature convenes next week for Legislative Days and the department will testify before one committee to talk about the role of the state housing agency in questions of Fair Housing and access to affordable housing. There will be a PowerPoint presentation, which will be made available to Council.
- *GAO/HUD Decision.* Baney requested an explanation of the status of the HUD decision regarding the Performance Based Contract Administration (PBCA). Van Vliet provided an overview of the history and said a decision was to be announced on August 31, 2012; however, a week before, the Government Accountability Office said they believed HUD was wrong in the way HFAs were solicited to do the body of work and contracts should not be awarded on August 31. Julie Cody added that HUD is taking all the information under advisement and has not awarded contracts. They have not yet decided exactly what they are going to do. It is anticipated that they will come out with another solicitation that takes into consideration the comments that came from the GAO. The contract OHCS currently has with HUD has been extended for another three months and it is anticipated there will be another extension before a decision is announced. Chair Woolley asked if there is any impact OHCS's delegation can have in terms of reinforcing the department's application. Van Vliet said she has not done anything about mobilizing any Congressional strategy because it is pretty fresh news, but she is paying close attention to what the national industry group is saying.
- *Audits Update.* *HOME Program Audit:* The auditors have 45 days from the exit interview to provide written findings, but there was nothing noted in the exit interview. *OHSI Compliance Audit by US Treasury:* This was the third audit and while they did find a list of a dozen or so process items that can be cleaned up, they are feeling much better about the overall operations of the program. The first two times they were concerned about the way we were documenting eligibility of individual participants. This time they gave us an A plus. *SIGTARP (Special Inspector General for Troubled Assets Relief Program) Audit:* SIGTARP is Treasury's regulator and is looking more broadly at how Treasury has implemented the Hardest Hit Funds program nationally. We were one of four or five other states audited. They will issue a national audit report that Oregon will be a part of, but we do not expect the report for another six months or so. Van Vliet said she has been in close contact with SIGTARP on the day-to-day

1 operations and feels they are more concerned about how Treasury is running the
2 program, than how the department is implementing it.

3 V. PUBLIC COMMENT: None.

4 VI. NEW BUSINESS:

5 A. *Future Funding Processes.* **Karen Tolvstad**, Policy, Strategy & Community
6 Engagement Division Administrator. For the benefit of the new Council members, **Tolvstad**
7 gave a recap of the ongoing community engagement up to the present time regarding the
8 redesign of the Consolidated Funding Cycle (CFC). Tolvstad stated the overall goals partners
9 and OHCS share is to provide positive outcomes for residents and communities; to work on
10 projects where the needs are not being met by the private sector; and to create projects that will
11 perform financially and physically over time. In terms of changes to the process, there is total
12 agreement on trying to build meaningful criteria into OHCS's scoring that will award projects
13 that are the best use of public funds, and also to emphasize in a more significant way the needs
14 and the priorities of local communities and to create a less burdensome and less costly process.
15 Those are the over-arching principles that all partners have agreed with. In the last couple of
16 months significant time has been spent talking with community partners about how to actually
17 determine the community priorities, measuring community support, how to build the meaningful
18 scoring criteria, and also coming up with a different way of grouping NOFAs and RFPs to get
19 away from a once a year application process for all kinds of projects. Everyone agreed that large
20 projects and small projects should be separate, but also within that there are a lot of options -- are
21 they geography based, public policy based, project type based? Many from Oregon ON would
22 like to see us focus on existing portfolios versus new projects. Oregon ON would like to ensure
23 there is some emphasis on preserving and enhancing existing projects -- both little projects
(projects that do not have federal vouchers that are expiring, but are owned by current sponsors
and need improvement) and big P projects (preservation of housing vouchers or federally
subsidized projects that are expiring and have a risk of losing vouchers and going to market).

Another policy piece for discussion is the question of a queue. Oregon ON and some others
believe that when someone has applied and put effort into getting funding and were not awarded,
although scored well, priority should be given to them when reapplying. Some are not
supportive of that concept because they believe it might not put emphasis on the competitive
nature of new projects that are responding to a community need. **Julie Cody** added that as we
move forward, we will be evaluating whether we should give some kind of preference. **Julie**
noted OHCS is looking at recreating an application process that potentially includes some type of
pre-screening process so applicants can self-select out, and is trying to make it less expensive
with less barriers, but more meaningful in the sense of underwriting early so we know the
financial feasibility of a project.

Tolvstad highlighted the meetings recently held with the Executive Team of the Oregon
Housing Authorities, and a mixed-group meeting that included representatives of non-profits,
for-profits, investors, consultants, and housing authorities; and a separate meeting with
Participating Jurisdictions, which are communities or municipalities that get direct allocations of
HOME funds from HUD. All meetings were very valuable. **Cody** gave a brief overview of the
various process teams and the internal processes in place and the planned training for internal
staff and sponsors.

1 **Van Vliet** and **Cody** explained the process of revising the Qualified Allocation Plan. **Chair**
2 **Woolley** asked at what point Council will have an opportunity to provide input on the
3 recommendations to the Plan. **Cody** said it could occur as early as October, but probably
4 November. **Chair Woolley** suggested scheduling a phone conference for October in case the
5 timing doesn't work for the November Council meeting.

6 **Tolvstad** said that Val Valfre's participation in the CFC meetings has been very valuable.
7 **Valfre** said he is concerned about the time line with the QAP and public hearings, and he wanted
8 to make sure the process is well thought out to allow for feedback and an opportunity to make
9 adjustments. He asked if the CFC timeline is being moved back. **Cody** said the target date is
10 March, and because it would be a much streamlined process, awards may be given out at the
11 same time. **Tolvstad** stated that the timing will need to remain flexible until the process is
12 completed. **Cody** said a general timeline will be sent out to everyone by the end of September.

13 B. *Retreat Planning – Agenda Items and Format.* **Chair Woolley** said she wants to
14 have a conversation with each Council member to gain their input in designing the retreat agenda
15 and will be scheduling time to talk with them individually. She asked the Council to review their
16 Strategic Plan from the last retreat to consider whether or not there are items they want to carry
17 forward, and asked that they have it available when she calls them, as a starting place for the
18 discussion. **Fieldman** said he thought there was a later version that included services to people
19 in housing. **Jo Rawlins** said she will check the notes from the prior retreat, but doesn't believe
20 that was added. **Chair Woolley** says that can be added to the future plan. **Chair Woolley**
21 suggests hiring a facilitator for the retreat. Council agreed.

22 VII. **REPORT OF THE CHAIR:** No report given.

23 **Van Vliet** noted that there may be up to three projects needing Council approval before
November's meeting and that it may be necessary to schedule a phone conference to approve
those projects. **Chair Woolley** commented that if there is a possibility Council may need to
come together for recommendations on the funding process, that it may make sense to present
the projects at that time. **Van Vliet** said she will coordinate with **Chair Woolley**. **Cody** added
that the November meeting may be the meeting that they present the funding process. **Chair**
Woolley said the Council then could do a phone conference for the project approvals. She
advised that she will be out of the state from October 13-20, 2012.

VIII. **FUTURE AGENDA ITEMS:**

- October Retreat (overview of the budget structure; strategic plan)

Chair Woolley adjourns the meeting at 10:10 a.m.

Jeana Woolley, Chair
Oregon State Housing Council

DATE

Margaret S. Van Vliet, Director **DATE**
Oregon Housing & Community Services.



Oregon

John A. Kitzhaber, MD, Governor



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Memorandum

To: Oregon State Housing Council
From: Joyce Robertson, Loan Officer
Multifamily Finance and Resources Section
Date: November 2, 1012
Re: Sommerville Place Apartments
General Housing Account Program ("GHAP") Grant Request

EXECUTIVE SUMMARY

Borrower: St. Vincent de Paul Society
of Lane County, Inc.
Property: Sommerville Place Apartments
855 Sommerville Loop, Harrisburg, Oregon 97446
GHAP Request: \$600,000
Use of Funds: Acquisition and Rehabilitation of Sommerville Place Apartments

Finance Committee: October 23, 2012

Voting to Approve: 3
Voting to Decline: 0
Absent: 1

/s/ Julie V. Cody
Julie V. Cody, Finance Committee Chair

Date: October 23, 2012

RECOMMENDED MOTION: Approve a General Housing Account Program ("GHAP") award in the amount of \$600,000 and \$675,000 in Oregon Affordable Housing Tax Credits ("OAHTC") for the acquisition and rehabilitation of Sommerville Place Apartments.

1 **BACKGROUND:** Sommerville Place Apartments is a 28 unit housing project targeted to families
2 and consists of 2 and 3 bedroom units built in 1998. Sommerville Place was financed in part a
3 \$450,000 in HOME Investment Partnership Grant ("HOME"), \$687,643 in OAHTC's and \$193,626
in Low Income Housing Tax Credits ("LIHTC").

4 Linn County Affordable Housing, the General Partner for Sommerville Place has dissolved and, in
5 the absence of a General Partner, the project has been operated and managed by Enterprise
6 Community Investment, the Limited Partner and the Neel Management Team, property managers. To
7 prevent foreclosure and the risk of this project going to market rate and the State of Oregon being
required to return the HOME funds, St. Vincent de Paul was approached by both OHCS and
Enterprise Community Investment several years ago to acquire the property after another non-profit
declined the project. St. Vincent de Paul has been working on the budget, rehabilitation needs and due
diligence since that time.

8 Historically, Sommerville Place has struggled financially, not due to vacancy issues (there is an 8 to
9 12 month waiting list) but instead due to higher than expected expenses and more debt than the
10 project can carry. The project also suffers from some issues that require rehabilitation including site
drainage problems, lack of proper flashing which has caused exterior envelope damage and roofs that
need to be replaced on all buildings in the project.

11 **REQUEST:** St. Vincent de Paul has requested \$600,000 in GHAP and \$675,000 in OAHTC's for the
12 following purposes:

- 13 1. \$773,750 to correct critical site and building issues as identified by an inspection done by
14 LMC Construction and an estimate provided by Miele Construction including rebuilding the
entire exterior envelope of the buildings, replacing windows, installing subpumps and
foundation drains, reworking the swale to drain into a holding pond and re-roofing all
buildings.
- 15 2. \$46,000 contingency funds to cover unforeseen needs that may be discovered throughout the
16 rehabilitation.
- 17 3. Buy down \$497,000 debt that currently has an interest rate 4.9% with the new OAHTC loan at 2% to
reduce the debt service to the project.

18 **Finance Committee Comments:** Sommerville Place will be restricted from coming in for future
19 funds from OHCS for 5 years.

20 I would recommend approval of the requested GHAP grant for the acquisition and rehabilitation of
21 Sommerville Place Apartments by St. Vincent de Paul Society of Lane County.

21 /s/ Joyce Robertson
22 Joyce Robertson, Loan Officer
23 Multifamily Housing Section



Oregon

John A. Kitzhaber, MD, Governor



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Memorandum

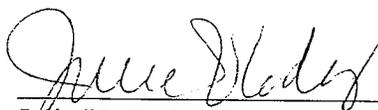
To: Oregon State Housing Council
From: Loren Shultz, Loan Officer
Multifamily Finance and Resources Section
Date: November 2, 2012
Re: 20th Street
General Housing Account Program ("GHAP") Grant Request

EXECUTIVE SUMMARY

Recipient: Oregon Mennonite Residential Services, Inc.
Property: 20th Street
202 NW 20th, McMinnville, OR 97128
GHAP Request: \$271,795
Use of Funds: Acquisition and Rehabilitation of 20th Street project for developmentally disabled adults

Finance Committee: October 23, 2012

Voting to Approve: 3
Voting to Decline: 0
Absent: 1


Julie V. Cody, Finance Committee Chair

Date: October 23, 2012

RECOMMENDED MOTION: Approve a General Housing Account Program ("GHAP") award in the amount of \$271,795 for the acquisition and rehabilitation of 20th Street.

1 **BACKGROUND:** 20th Street is a three bedroom group home for developmentally disabled adults in McMinnville.

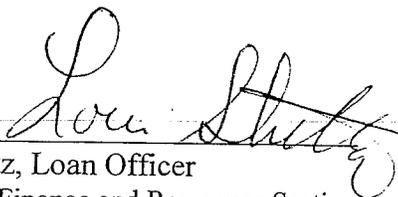
2 Oregon Mennonite Residential Services (OMRS) has operated group homes for adults with
3 developmental disabilities since 1986. Including 20th Street, OMRS has a portfolio of ten group
4 homes. OMRS reports a total of forty two residents with significant medical and behavioral
5 challenges living in these projects. Of the forty two, only two residents are considered capable of
6 being outside the homes, in the community, unaccompanied by staff. All OMRS group homes
7 require "24 hour awake" staffing due to the nature of the populations served. Many residents
8 previously lived with aging parents who gradually lost the physical and/or financial ability to provide
9 needed care.

10 In late 2011 Yamhill County had a waiting list of 59 persons needing the services and setting of the
11 type provided by OMRS. Three young women in particular need provided the genesis for the 20th
12 Street project. OMRS was able to secure a home (through an option) and make minimal required
13 alterations in time to accept two of the three. First was a resident whose parents were no longer able
14 to provide the kind of behavior supports needed. The second resident was a 17 year old who had
15 been in five different foster homes in six months. That was in January. At the time of this request,
16 her tenure at 20th Street has been the longest placement the young woman has had in several years.
17 She has told counselors that 20th Street is her home now, and this is where she is staying.

18 20th Street temporarily operates on two structure-related licensing variances. The GHAP grant would
19 secure purchase of the home and, among other improvements, correct the two deficiencies, thus
20 cementing the future this home for these vulnerable individuals.

21 **REQUEST:** OMRS requests \$271,795 in GHAP funding for acquisition and rehabilitation of an
22 existing three bedroom ranch home. The rehabilitation includes fire sprinklers, accessibility features,
23 envelope measures, electrical, plumbing and HVAC.

24 I recommend approval of the requested GHAP grant for the acquisition and rehabilitation of 20th
25 Street Apartments by Oregon Mennonite Residential Services.

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29 Loren Shultz, Loan Officer
30 Multifamily Finance and Resources Section
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