

OREGON STATE HOUSING COUNCIL

January 11, 2013



*Gray's Landing, 650 SW Lowell St, Portland, OR 97239
(By REACH Community Development, Inc.)*

Meeting Location

Oregon Housing and Community Services
725 Summer Street NE, Room 124 A/B
Salem, OR 97301
503-986-2005

OREGON STATE HOUSING COUNCIL

January 11, 2013

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Oregon State Housing Council

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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

January 11, 2013

9:00 a.m.

Meeting Location

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

AGENDA

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| 1. CALL TO ORDER AND ROLL CALL | Jeana Woolley |
| 2. APPROVAL OF MINUTES
A. Minutes of December 7, 2012 Meeting | Jeana Woolley |
| 3. PUBLIC COMMENT | Jeana Woolley |
| 4. MULTIFAMILY REDESIGN, PROCESS and POLICY UPDATE | Karen Tolvstad, Julie Cody |
| 5. INDIVIDUAL DEVELOPMENT ACCOUNT (IDA)
INITIATIVE OVERVIEW | Janet Byrd, Neighborhood
Partnerships |
| 6. REPORT OF THE DIRECTOR
A. Agency Transition Planning Update
B. Review of Future Agendas and Meeting Locations
C. Other | Margaret Van Vliet |
| 7. REPORT OF THE CHAIR | Jeana Woolley |
| 9. ADJOURN | Jeana Woolley |

OREGON STATE HOUSING COUNCIL

Minutes of Meeting

Meeting Location

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

9:00 a.m.
December 7, 2012

MEMBERS PRESENT

Jeana Woolley, Chair
Aubre Dickson
Mike Fieldman
Zee Koza (by phone)
Adolph “Val” Valfre, Jr
Tammy Baney

MEMBERS ABSENT

Mayra Arreola

GUESTS

Meshi Corey, Wells Fargo Bank
Tom Cusak, Oregon Housing Blog
Ryan Fisher, OHA/CAPO
Alison McIntosh, Policy & Communications
Director, Neighborhood Partnerships
John Miller, Oregon ON
Alexander Saul, Enterprise
Jim Winkler, WDC
Keith Wooden

STAFF PRESENT

Margaret S. Van Vliet, Director
Karen Tolvstad, Policy, Strategy & Community
Engagement Division Administrator
Dave Castricano, Consultant, Program Delivery Division
Karen Chase, Regional Advisor to the Department (RAD)
Karen Clearwater, Regional Advisor to the Dept. (RAD)
Kari Cleveland, Residential Loan Program Specialist
Julie Cody, Program Delivery Div. Administrator
Roberto Franco, Single Family Manager
Jon Gail, Communication & Policy Analyst
Jonna Graham, Loan Specialist
Rebecca Gray, HR Manager
Don Herman, Weatherization Training
Jan Klukis, Exec Assistant, Recorder
Carol Kowash, LIHTC Manager
Bob Larson, Debt Manager
Robert Lee, Prosperity Initiative Coordinator
Betty Makey, Operations & Policy Analyst
Angélique Morgan-Goldschmidt, HR Consultant
Heather Pate, Program Manager

Kim Travis, Community Engagement Manager
Debie Zitzelberger, Loan Officer

1. **CALL TO ORDER:** Chair Woolley called the December 7, 2012 meeting to order at 9:05 a.m.
2. **ROLL CALL:** Chair Woolley asked for roll call. **Present:** Tammy Baney, Aubre Dickson, Mike Fieldman, Adolph “Val” Valfre, Jr., Zee Koza, and Chair Jeana Woolley. **Absent:** Mayra Arreola
3. **APPROVAL OF MINUTES**
Chair Woolley asked if there were any corrections to the November 2, 2012 Minutes. There being no corrections, the Motion was read:

MOTION: Mike Fieldman moves that the Housing Council approve the minutes of the November 2, 2012 Council meeting.

VOTE: In a roll call vote the motion passes. Members Present: Tammy Baney, Aubre Dickson, Mike Fieldman, Adolph “Val” Valfre, Jr., Zee Koza, and Chair Jeana Woolley.

4. **PUBLIC COMMENT:** None.

5. **HOUSING ALLIANCE LEGISLATIVE AGENDA:** **Alison McIntosh**, Policy and Communications Director of Neighborhood Partnerships,

McIntosh presented the Housing Alliance Legislative Agenda which included a handout explaining the purpose of the organization and historical successes. She gave highlights of current projects and goals:

- Prevention of homelessness through restoring the Emergency Housing Account and State Homeless Assistance Program
- Housing for Veterans
- Foreclosure and housing market recovery
- Preservation of Existing Affordable Housing
- Remove barriers for tenants with Section 8 vouchers to renting homes in their preferred communities
- Maintain the Agricultural Workforce Housing Tax Credit
- Support resident purchases of manufactured home parks
- Provide Temporary Assistance for Needy Families (TANF)
- Continue the earned Income tax Credit (EITC)
- Find solutions to improve the Senior and Disabled Property Tax Deferral Program
- Increase the Oregon Domestic and Sexual Violence Services (ODSVS) Fund
- Extend property tax exemption for affordable housing, the Homebuyer Opportunity Limited Tax exemption Program
- Continue funding for the Oregon Hunger Response Fund
- Restore funds to the Community mental Health Housing Trust Fund

Chair Jeana Woolley asked if there were any questions or comments. She thanked **McIntosh** for coming and giving them an update of the Housing Alliance fiscal and legislative goals. She said the Council will be watching and supporting your efforts.

Fieldman responded saying he did not have questions but wanted to comment that he is familiar with this agenda and his organization, CAPO, is dove-tailing these items in support of these initiatives.

6. **NEW BUSINESS:**

- A. *Lexington & Park Tower Apartments* (Portland, OR). Conduit bond financing package request. **Debie Zitzelberger**, Loan Officer and **Jim Winkler**, representing the developer of the complex.

Zitzelberger presented details regarding the Lexington & Park Tower Apartments project.

Winkler also made comments about the contractor, management of the projects and the need for low-income housing in that area.

Adolph “Val” Valfre, Jr. commended **Winkler** for the work done on this project and especially dealing with relocating the elderly. Also, commended him for the finance package presented which indicates a lot of work and skilled effort. One of the units is 100 years old and the other one will be after this loan is completed in 30 years. So these buildings must have good bones. Valfre asked Winkler what needs to be worked on in these buildings.

Winkler: These buildings have been exceptionally well maintained by a very competent company which makes our tasks much easier. The Park Tower has concrete steel and brick veneer building, no issues there. The Lexington needed additional strapping; we are doing this voluntarily to reinforce the walls. The infrastructure is superb; we will be providing energy efficient windows and new elevators to make it a much more functional building. I think this is a very sound investment in our future.

Corey: Wells Fargo is fully supporting this project and very excited about it. It’s a sound project financially and we are pleased to support this population.

Chair Jeana Woolley: Asked Corey if she can speak to the condition of this project put on the transaction, what concerns she had when reviewing the costing? Any issues? **Corey:** We will be executing the construction contract, we are waiting for the final report but don’t foresee any issues that we are concerned about.

Chair Jeana Woolley: Congratulated Jim for his work on another fine project well needed and unique.

MOTION: Adolph “Val” Valfre, Jr., moves that the Housing Council approve the following:

- A Pass-Through Revenue Bond Financing in an amount not to exceed \$20,460,000 to CSP – Park Lexington Limited Partnership for the acquisition and renovation of Lexington Apartments and Park Tower Apartments, subject to borrower meeting OHCS, Wells Fargo, and Portland Housing Bureau underwriting and closing criteria, documentation satisfactory to legal counsel, and Treasurer approval for the bond sale. Approval is contingent CSP-Park Lexington Limited Partnership and Robison Jewish Home signing the Residual Receipts Escrow and Indemnity Agreement clarifying the disbursement of Residual Receipts as directed by the Department and the lender and investor finalizing the scope of work and approving the cost and constructability review and all anticipated sources are available at closing.
- A Housing Preservation Fund grant request in an amount not to exceed \$494,228 to Robison Jewish Home and the restrictive covenants assigned to CSP-Park Lexington Limited Partnership for the renovation of Lexington Apartments and Park Tower Apartments contingent upon the lender and investor finalizing the scope of work and approving the cost and constructability review and all anticipated sources are available at closing.

- A General Housing Account Program grant request in an amount not to exceed \$150,000 to Robison Jewish Home and the restrictive covenants assigned to CSP-Park Lexington Limited Partnership for the renovation of Lexington Apartments and Park Tower Apartments contingent upon the lender and investor finalizing the scope of work and approving the cost and constructability review and all anticipated sources are available at closing.
- An allocation of Low Income Weatherization Fund grant request in an amount not to exceed \$108,000 for Lexington and \$192,000 for Park Tower to Robison Jewish Home and the restrictive covenants assigned to CSP-Park Lexington Limited Partnership for eligible weatherization components contingent upon the lender and investor finalizing the scope of work and approving the cost and constructability review and all anticipated sources are available at closing.

VOTE: In a roll call vote the motion passes. Members Present: Tammy Baney, Aubre Dickson, Mike Fieldman, Adolph “Val” Valfre, Jr., Zee Koza, and Chair Jeana Woolley.

- B. *Residential Loan Program: Single Family Loan Threshold.* Approve Consent Calendar. **Kari Cleveland**, Residential Loan Program Specialist,

Cleveland: We have one loan for a property in Eugene, FHA insured loan.

Chair Jeana Woolley: For the benefit of the new members can you explain why these residential loans come before the council for approval? **Cleveland:** The state statute requires any loan with a purchase price over \$190,000 or 75% of the area program purchase price, to come before the council for approval. This one hits the 75% threshold by about \$12,000.

MOTION: Tammy Baney moves that the Housing Council approve the Consent Calendar for the purpose of establishing a single family loan threshold for loans to be reviewed and approved prior to purchase.

VOTE: In a roll call vote the motion passes. Members Present: Tammy Baney, Aubre Dickson, Mike Fieldman, Adolph “Val” Valfre, Jr., Zee Koza, and Chair Jeana Woolley.

7. **MULTIFAMILY RESOURCE ALLOCATION REDESIGN:** Margaret Van Vliet, Director, referring to the Oregon Housing and Community Services Funding Resources Project, which is changing the evaluation of funding from one Consolidated Funding Cycle (CFC) to a series of Notices of Funding Availability (NOFA), stated we are engaging many partners on this to make it fiscally prudent.

Van Valiet: There has been a lot of build up towards this moment. As most of you know we have been working on evaluating a 20 year old the process for the consolidated funding cycle process for most of the last year. We have been engaging our many partners in their input as we look at other methods as well as our own staff’s expertise that have many years of experience and have seen projects and processes come and go. We also understand that as we go through this change process many of our partner’s

projects take multiple years to be completed and we are taking that into consideration as we move forward. For us to change the rules in midstream is somewhat disruptive for multiple development projects, we have tried to be sensitive to that situation understanding what pace of change is tolerable while being clear the status quo is unacceptable on several levels.

In addition to trying to streamline and simplify numerous aspects we are also evaluating long standing policy priorities. We have had lots of conversations with partners and looking at needs assessment and data. Thinking about not just the nuts and bolts on how we apply what the numbers look like but the higher level what are the policy trade-offs and priorities. In doing this we are looking at all the compelling needs such as housing for people with disabilities, families with children and the elderly.

We are also looking for a balance of what our state and local perspectives are; finding new and different ways for local support in all its many forms, and we want to be respectful of that. Today we are going to present to you some of our early thinking in some of those policy areas, share some of the partner reactions, and have robust conversations with the council about the different perspectives. We invite public comment and want this to be the next step in going forward in a new direction. We are not asking for hard and fast decisions today but some directional guidance. Allocating scarce public resources is never easy to do. As public servants we will not make everyone 100% happy but we do hope that our effort is understood and respected so our partners will have confidence and integrity in the process. Van Vliet asked her staff to make their presentations: Cody, Tolvstad, and Castricano.

Cody: Dave Castricano will be managing this project for us. We went through a few guiding principles as we went through adjusting our processes. Our goal is to be more efficient in how we ask people to apply, we want to streamline the process as much as possible, and we want to provide equity in distributions across the state as well as having a scoring system that is looking at the projects as well as the impact of those projects vs. how well a person fills out an application.

Castricano: NOFA aims to simplify and focus the funding process, creating equity and consistency. To do this, we have used a multi-disciplined and collaborative approach gaining input from inside and outside of the division and stakeholders. With the creation of the NOFA it became known from the beginning that we needed input from policy, program and compliance areas of the agency, they all needed to take a look at this. So we ended up creating 5 multi-disciplined teams to look at this and there were some key steps in our process:

- 1) Identification of Needs and Allocations
- 2) The revision and approval of Best Practices
- 3) The revision and approval of a new Scoring Criteria
- 4) Creation of entirely new NOFA, application and manual
- 5) Integrate all into a Qualified Action Plan

We have developed teams for the above five areas with team leads. He presented the progress made so far for each team.

NOFA will be issued by OHCS Procurement Division going thru the state procurement office. A NOFA implementation timeline was also presented.

Tolvstad: (Staff power point presentation continued) OHCS began its needs and allocation work from a big picture perspective. We did not start with what has been done in the past, but rather, with what conceptually should be done if the goal is equitable distribution of state funds based on need. We did extensive data analysis community by community and tested that data by evaluating HUD Consolidated Plans in participating jurisdictions and holding community forums in areas not covered by Consolidated Plans. The analysis demonstrated what we all know intuitively, that the need for affordable housing is very high everywhere and with every target population group. Given the high need across all categories, the data has led us to focus on equitable geographic distribution, as opposed to targeting specific populations, and a heavier reliance on local and regional communities' priorities.

We have identified a Need Distribution, based on communities' percentage of the State's low-income and severely rent-burdened renters, and its difference from the percentage of affordable housing unit investment that has been received in the past 6 years. With a goal of having geographic distribution of investments equal to need over a five year period, we propose an annual adjustment of 20% of the difference between the need and previous funding.

Thus underserved communities have an allocation higher than the straight percentage of low-income and severely rent-burdened households would prescribe. The calculations would be made each year with the adjustment modified based on progress toward the long term distribution goal. While our data was analyzed at a city and county level, the state does not have enough funds to allocate funding at that level, so we have rolled need-based allocation data up to a regional level. (Data and regions shown on slides.)

Regional target allocations based on need (including previous % of units funded)

- Not set-asides

Allocations to be based on:

- Percentage of low-income renters
- Percentage of renters severely rent burdened

Criteria and key factors we are looking at:

- Counties that have been underserved in the past
- Projects that have federal, local or other state resources invested
- Preservation projects
- Part of a cooperative state agency or legislative effort (mandates)

Fieldman: Asked has there been any discussion about what funding levels it takes to do a project, the funding levels needed? **Cody:** One of the things we are doing is looking at the historic amounts and factoring that in as well. **VanVliet:** That's why we won't have hard and fast set-asides, you will need to use targets and know that it is over a period of years that you're looking at.

Chair Woolley: Thinks it might be helpful is to take a typical deal in each of these areas from the last couple of years, see what it takes to complete the deal in these geographies, to see if the allocations made sense. You might want to look at several projects now and see how they would work in this new process. **Tolvstad:** Yes, we want to have more

discussions with our partners to see if philosophically this new allocation process makes sense and works for them, we will meet in smaller groups. We will look at past projects and run them through this process to test the methodology.

Fieldman: Agreed that a cooperative spirit needs to be part of agency or legislative efforts (mandates).

Baney: Asked how this will be looked at annually to determine the priorities when many projects take several years whether they are being built or coming off the market could significantly change these percentages, how will they play into the 20%? Will the community be asked for their input to determine the priority needs if there is an adjustment? **Tolvstad:** We have an excellent analyst that has a comprehensive database of information to access current funding allocations needed to make the determinations.

Baney: Underscored the needs of communities to prioritize their needs as well. **Cody:** Commented they need to work together to see what should go first. These needs will need to be assessed annually or every two years.

Chair Woolley: Stated it might make some sense, given the fact that funds are dwindling, that we look at a two-year window opposed to a one year window. Recommends looking at a longer timeframe to make this work, especially with less and less funds available.

Baney: Asked if the two year idea been suggested to the partners? **Tolvstad:** We have just started our conversations about this with partners. We will address this issue next to get their input. We really value what works for our partners. We have worked with a representative group of partners, as well as some council members, and will now reach out to a wider circle to gain their input also.

Fieldman: Asked what have you learned so far about concerns on preservation from partners? **Tolvstad:** Stated has a team dedicated to developing preservation criteria and is getting feedback from partners. Most partners agree criteria on the types of preservation projects to prioritize is a good idea but identifying the specific criteria is difficult.

Additional questions and discussion followed about the changes in allocations, prioritizing of projects, longer-term projects, re-assessments, etc. **VanVliet:** You can see why we might benefit with more time for everyone to review this. A version of this PowerPoint presentation will be sent out to partners and the council. **Tolvstad:** After speaking to a wider circle of partners, next month we will come back to you with more recommendations.

Valfre, Jr.: Stated that OHCS staff has done a fine job in soliciting comments from a sampling of partners in starting the redesign but feels much more discussion is needed and advised that it may be wise to delay implementation until all partners have been vetted with this new process. There is a lot to grasp and there may be some unintended consequences that have not yet been addressed.

Baney: Would like to know any opposition and concerns that partners may have after some of the meetings occur.

Chair Woolley: Asked if there were any concerns so far and how were they handled?

Tolvstad: Yes, some concerns we addressed were set-asides and geographic priorities. Gave them what the trade-offs are. We will continue to work with our partners to resolve any issues as they come up.

Chair Woolley: Commented one thing we may consider when transitioning allocation goals is instead of having the same amount each year we string this out so that the fully implemented amount is loaded in the back end so they have more time to make that adjustment. **Tolvstad:** Yes, we want to have more discussions with our partners to see if philosophically this new allocation process makes sense and test out some of these issues with the new methodology. Another big issue will be scoring. We have not identified recommendation's yet.

Chair Woolley: Asked will that be something we will get to look at what is being proposed? Will that be next month in January? **Cody:** Yes, as soon as that is ready we will send that out to our external partners as well as the Housing Council.

Chair Woolley: Commented I think when you are doing those out-reach meetings around the state it makes sense to let the Council members know so they can attend them and be involved in that dialog if possible. **Cody:** Yes we will have multiple meetings and will keep you informed of the schedule.

Fieldman: Asked that the council be sent all materials in advance so they can review them and be prepared for any upcoming decisions. **VanVliet:** Yes, then you can share and test it with your own networks as well.

Fieldman: Asked about time line and having a different focus, are you still looking at a targeted NOFA first and then other NOFA's later on? **Cody:** Stated initially we are looking at a statewide NOFA broken up for some targets in geographical areas offering Low Income Housing Tax credit (LIHTC) and other supplemental funds.

Miller: Thanked and commended the council for covering many of the items that raised some of his concerns. Thanked the OHSC for allowing input. Waiting to see the whole package and new NOFA concepts to see how their concerns were addressed. He agreed this may take more time and supports any delays needed to make needed changes.

8. **GOVERNOR'S BALANCED BUDGET:** **Van Vliet** provided an overview of the Governor's Balanced Budget (GBB) for Oregon Housing and Community Services (OHCS). The budget document directs OHCS to consolidate and provide a functional alignment of our programs to get the most value for public funds. This is to enable us to do a better job of getting the funding to the public in providing low-income housing and community services. Our sources of revenue are quickly drying up so OHCS must undergo a transformation process. We will gather ideas, see what the expectations are, and find out what guideposts we are to follow as we proceed with a plan for our new service delivery model that must be given to the legislature by February 2014. In doing

