

Oregon State Housing Council

725 Summer St NE, Suite B
Salem, OR 97301-1266
Phone: 503.986.2000
Fax: 503.986.2132
TTY: 503.986.2100
www.ohcs.oregon.gov/OHCS/OSHC



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

OREGON STATE HOUSING COUNCIL MEETING May 17, 2013 Meeting Minutes

MEETING TIME:

9:00 A.M

MEETING LOCATION:

Conference room 124a/b of the North Mall Office Building,
725 Summer Street NE
Salem, OR 97301

HOUSING COUNCIL

MEMBERS PRESENT

Jeana Woolley, Chair

Tammy Baney

Aubre Dickson

Mike Fieldman

Zee Koza

Member's Not Present

Mayra Arreola

Val Valfre

GUESTS

NAME, ORGANIZATION

TOM CUSACK, OR HOUSING BLOG

SUSAN LIND, OHA AMH

JONATHAN TRUTT, NHA

JOHN MILLER, OREGON ON

JEFF PUTERBAUGH, DHS-OCCPC (MFP)

SHELLY CULLIN, CHRISMAN DEV.

SAJ Jivanjee, DEVELOPER

ED FRANKS, IQ CREDIT UNION

CRAIG STARKEY, IQ CREDIT UNION

SHARON NIELSON, THE NIELSON GROUP

ROSS CORNELIUS, GUARDIAN

OHCS STAFF PRESENT

Margaret S. Van Vliet, Director

Julie Cody, Administrator, Program
Delivery Division

Karen Tolvstad, PSCE Division
Administrator

Heather Pate, Multi-family Section
Manager

Katherine Silva, Executive Assistant to the
Director

Natasha Detweiler, Research Analyst

Danny Gette, Senior Loan Officer

May 17, 2013 - Housing Council Meeting Minutes

1. **CALL TO ORDER:** Chair Woolley calls the May 3, 2013 meeting to order at 9:04 a.m.
2. **ROLL CALL:** Chair Woolley asks for roll call. Present: Aubre Dickson, Mike Fieldman, Zee Koza, and Chair Jeana Woolley. Tammy Baney joined the meeting in progress. Members not present, Mayra Arreola and Adolph Val Valfre, Jr.

3. **APPROVAL OF MEETING MINUTES**
 - a. **March 1, 2013 (Revised)**

Chair Woolley asked if there are any corrections to the March 1st, 2013 meeting minutes. There being no corrections the motion was read:

Motion: Mike Fieldman moves that the Housing Council approve the March 1st, 2013 meeting minutes as revised. Zee Koza seconded.

Vote: In a roll call vote the motion fails. With one abstention, a quorum could not be established. Members present: Aubre Dickson, Mike Fieldman, Zee Koza, and Chair Jeana Woolley. Members not present: Tammy Baney, Mayra Arreola.

Chair Woolley requested that staff follow-up with Tammy Baney, as she joined the meeting in progress after the roll call vote was taken.

- b. **May 03, 2013**

Chair Woolley asked if there are any corrections to the May 3rd, 2013 meeting minutes. There being no corrections the motion was read:

Motion: Aubre Dickson moves that the Housing Council approve the May 3rd, 2013 meeting minutes as written. Zee Koza seconded.

Vote: In a roll call vote the motion passes. Members present: Tammy Baney, Aubre Dickson, Mike Fieldman, Adolph Val Valfre Jr., and Chair Jeana Woolley.

4. **Public Comment**

Chair Woolley called for members of the public wishing to provide public comment for the council to do so and indicated that time would be allocated for those in the audience intending to speak about the QAP and NOFA to do so after the staff presentation and recommendations had been made, but encouraged anyone who could not stay until that point to come forward.

John Miller of Oregon Opportunity came forward, introduced himself and his colleague **Jonathan Trutt** and expressed that their comments would be in advance of the staff presentation, barring objection of the council. No objections were stated. Miller started by stating that he will make general remarks, allowing Trutt to speak to more specific comments. Miller started by thanking council members for their service. He recognized the difficulty of creating a redesigned process that works well and equitably, particularly in a fiscally challenging environment, with scarce resources and great need in all areas of the state; and, on behalf of OON and its members, Miller voiced appreciation for the efforts of the Department to work closely with OON and its members at each point of this process.

Trutt advised council members that he was a member of a CFC Redesign Work Group established by OON in February of 2012. The work group worked with OHCS staff, which provided a lot of

May 17, 2013 - Housing Council Meeting Minutes

opportunity for input. He stated that overall OON members were pleased with the Department's choice to streamline and shorten the QAP to a policy focused document and recognized that further revisions will be made in future cycles. Trutt asserted that the draft program manual had incorporated good changes, but there were still some outstanding concerns with it and it was his hope that there would be opportunity for input before the final version of the program manual is published. Mr. Trutt then shifted focus to the NOFA, advising the council that significant concerns existed provisions in the document as it appeared in the housing council packet. The first of those concerns was the lack of predictability and transparency within the proposed scoring criteria. Trutt stated that there is a level of comfort with the inherent subjectivity of this process, but the lack of information about how points will be awarded within each category provides little-to-no guidance about which areas should be addressed by sponsors in a more in-depth way. Trutt informed that this NOFA relied heavily on data, noting that he does not feel as though this is negative per se, but that data sources can provide conflicting or skewed information making it difficult for the scoring teams to make objective comparisons.

John Miller added, a third serious concern stems from the reliance on a regional framework that is currently not in existence. OON do not see Regional Solutions Teams as reliable solution because they do not necessary have housing on their radar and ultimately the RST membership on whole lacks housing expertise. This leads to a level of anxiety about how applicants will learn the new process. Miller and Trutt both look forward to clarification on how the new plan will work and how the regional teams will come together. Acknowledging that the process must move forward and despite any stated concerns, Miller wished for the best going forward and reaffirmed that he and OON members are committed to a continued partnership working toward shared goals.

Chair Woolley thanked Miller and Trutt for their comments and participation. She then called for questions from council members.

Tammy Baney, stated that she was concerned about the statement John Miller made, that RSTs do not have housing on their radar. She asked Miller if he thinks this is because there is a lack of education or a lack of interest.

Miller responded that he feels it is due to their charge, their focus on economic development and the lack of housing expertise that exists among RST members.

Baney encouraged Miller and others to reach out and engage RSTs and make them more aware. Baney stated that although RSTs may be focused on economic development, housing is a critical component of economic development.

Chair Woolley called for final questions, there being none, and she thanked Miller and Trutt for their continued input and participation in this process.

5. **New Business**

a. Tutuilla Road Housing Project Phase I Pendleton

Tutuilla Road Housing Project, Phase I Pendleton Loan Guarantee Trust Fund Request. Julie Cody, Division Administrator and Danny Gette, Loan Officer and Project Manager from the Multifamily Finance and Resource Section presented this request before the council.

Gette spoke to this project stipulating that the request is to utilize \$387,500 of Loan Guarantee Trust Fund to guarantee a loan by iQ Credit Union to a soon to be formed LLC whose members will be Saj Jivanjee (Managing Member and Architect) and Richard (Dick) Krueger. The two men have partnered on several multi-family projects in Oregon. This is the first project they have proposed to OHCS but Saj has specialized (as architect and developer) in “Workforce (Affordable) Housing” projects for the past 20+ years. The LLC will be a “For Profit” venture targeted to “Low Income” families in Pendleton, OR.

The Tutuilla Road Housing Project, Phase I, Pendleton will be a 22 unit (10 duplexes and 2 detached homes; all single-story) built on one tax lot in Pendleton, OR. 14 units will be 2 bedroom/2 bath each with 996 square feet. 8 units will be 3 bedroom/2 bath each with 1,210 square feet. This will be the first of three phases totaling 72 total units at completion. iQ is seeking a guarantee only for Ph I at this time. Phases II & III will not begin until Ph I is complete. Ph I is 2.07 acres taken from the total 7.02 acres for all three phases.

The lender is iQ Credit Union is a small Vancouver, WA based Credit Union with a \$300M loan portfolio. The following notes are taken from proposals by the lender: Although the underwriting meets iQCU requirements, iQCU cannot justify financing a residential rental construction project in Pendleton, OR using the same underwriting guidelines that are applicable in the larger populated Portland/Vancouver market. The risk associated with a smaller population base is not equal. The 25% Loan Guarantee mitigates the risk differential such that iQCU can provide the indicated loan amount. After approval from the State of Oregon for the 25% Guarantee, a formal request will be submitted for iQCU Loan approval in the amount of \$1,550,000.

In the subject project, the City of Pendleton will deed the land to Saj and then subordinate their mortgage claim to the developer’s lender. This equates to \$240,000 of equity. The City of Pendleton loaned Saj (Developer) \$50,000 to pay for the initial project due diligence and investigative work. In addition, the City of Pendleton will build the frontage access road including the all of the utility stubs to the subject site. The associated costs for the frontage road and utility stubs are estimated at \$662,000. These expenses are often required off-site improvement for the developer. In order to attract a lender for the project, Saj arranged for the State of Oregon to provide a 25% loan guarantee.

Gette requested that the Housing Council approve the motion on page 21 of the housing council packet, requesting a Loan Guarantee not to exceed \$387,500 (25% of loan) to iQ Credit Union for the funding of New Construction of proposed project currently known as Tutuilla Road Housing Project Phase I Pendleton.

May 17, 2013 - Housing Council Meeting Minutes

Chair Woolley asked that staff advise the council about the Loan Guarantee Program itself and the risks that this kind of transaction pose to the Department.

Julie Cody informed council members that if the project were to foreclose and experience a loss then the Department would reimburse, but that there are several safeguards in place to prevent that from happening. The Department would guarantee the loan amount during construction and then it would roll into a 3 year mini-perm.

Aubre Dickson asked what the credit union's conversion requirements?

Craig Starkey answered that the project is 22 units of duplex style apartments, once the project is stable that they would roll this into 3 year mini perm. The city is doing the off-site improvements and there is a 1:2 debt service cover then they will flip into a mini perm.

Mike Fieldman asked what the total cost of the project is?

Ed Franks answered \$1.8 million; the city is donating the land and doing the off-site improvements so the real cost of the project is \$2.7 million. The loan amount is \$1.55 million.

Zee Koza asked where the project is located?

Franks answered, South Hill in Pendleton.

Tammy Baney asked since the LLC is not yet formed who would we be contracting with?

Saj Jivanjee answered that the LLC will be formed as soon as the transaction is approved. He reiterated that he is personally guaranteeing the loan.

Mike Fieldman asked what the Loan Guarantee Program required in terms of affordability?

Gette answered that the Loan Guarantee Program requires 80% AMI for 5 years.

Dickson asked if the credit union has a DCR requirement? He stated that he is concerned that with 2 units vacant, this will negatively impact the DCR.

Franks answered that a covenant have not been set but he imagines there will be a 1:1 cover. He stated that he anticipated demand, but that they can still go to a term loan with a pay down.

Chair Woolley asked for any further questions, there being none, a motion was read.

Motion: Tammy Baney moves that the housing council approve motion on page 21 of their packet. Zee Koza seconded.



May 17, 2013 - Housing Council Meeting Minutes

Vote: In a roll call vote the motion passes. Members present: Tammy Baney, Aubre Dickson, Mike Fieldman, Zee Koza and Chair Jeana Woolley.

b. 2013 Qualified Allocation Plan (QAP):

Presentation and Staff Recommendations

Julie Cody thanked all of the staff who have worked on the documents before the council for review. She commented that this was a long process, but felt that it was worth it for the resulting quality of the refreshed and rewritten plan. Cody moved on to advise the council that the Department was seeking council approval of the 2013 Qualified Allocation Plan as provided to them in the housing council packet. Cody provided a high level overview of the proposed qualified allocation plan explaining that the QAP is required for all state Housing Finance Agencies and that staff have streamlined and simplified the proposed QAP to meet the requirements set by the IRS. Cody referred council members to the public comments matrix provided to them containing all of the public comments received regarding the QAP and the Department's responses. She noted that many of the comments received were incorporated. Cody advised that the QAP provides information on how the Department allocate the tax credits and the Program Manual will provide all of the specifics about how OHCS will administer the program, evaluation information, developer fee information and forms.

Cody informed the council that because of the nature of the changes made to the process a formal rule-making process will need to take place. Because there is not enough time to engage in that formal rule-making process, Margaret will be using her authority as the Director of OHCS to adopt temporary rules so that OHCS may proceed with issuing the NOFA on June 17th. Cody underscored that to the best of her knowledge there were no surprises in the documents and she believes that partners and stakeholders will not object.

Karen Tolvstad then provided a brief update on the status of the NOFA. Tolvstad started by stating that the NOFA and scoring criteria have are more focused on long-term, big picture outcomes and that the evaluations will be based on more local and regional priorities. Tolvstad acknowledge that without the state being so prescriptive in allocating a certain number of points for each enumerated criteria there is less predictability, but she feels as though the uncertainty can be irradiated with the right training and good clear data. The Department has been working on creating a webpage that will be very simple to use and which will contain helpful, clear data.

The rationale behind not allocating specific points for each evaluation criteria, is that need is so high across regions, the Department is taking a broader view and focusing in on what additional needs are being met by the project. There will be regional scoring teams which will vary across communities; some will be the RSTs while others are Affordable Housing Councils. The overarching goal is to be more holistic in conjunction with Governor Kitzhaber's objectives for outcome focused decision-making. The first step in the process is data collection. Once we have the data then we will focus on training and setting up the scoring teams.

May 17, 2013 - Housing Council Meeting Minutes

Mike Fieldman interjected asking if this meant that the Department was moving away from utilizing specifically RSTs?

Tolvstad answered, Yes.

Fieldman, followed up by asking who would make up the teams or if there was a process set-up for member selection?

Tolvstad answered that they are currently working on this. She indicated that they are first coming up with categories of people needed, then they will look to fill the categories.

Tammy Baney asked Tolvstad was incorporating any data from communities with 10-year plans to end homelessness.

Tolvstad answered yes. Data from several sources will be compiled and easily accessible so that applicants can input supporting data into their applications.

Tolvstad, concluded by stating that there has been a lot of engagement in this process and that the aim is to alleviate costly and burdensome application processes, while taking a more holistic approach to housing. Tolvstad acknowledged that not everyone will be happy with the finished product, but that staff have tried to balance the competing interests and trade-offs.

Public Comment

Chair Woolley called for anyone intending to give public comment to come forward.

Tom Cusack from Lake Oswego, Or Housing Blog and Housing Development Board member along with council member Aubre Dickson. Cusack noted that he has provided a lot of feedback to the department throughout this process and that he felt that he would be remiss if he did not take the opportunity to point out the very positive changes to the QAP. He also wanted to point out very specifically the change made which provides a discretionary basis boost for projects in areas of low poverty areas as this was a recommendation he and Fair Housing Council of Oregon made to the Department. Related to transparency, Cusack flagged the issue of waivers granted related to the QAP. Cusack stated that historically there has been very limited information or understanding about the circumstances that would warrant the use of discretion in granting a waiver. The QAP now contains a provision committing the Department to publishing information regarding the rationale for any waivers granted. Cusack concluded by expressing that he was happy to see that OHCS has made a commitment to take a closer look over the next six months at incorporating fair housing principles into the evaluations. Once this is all said and done, in his view, Oregon may be setting the stage for national best practices for Fair Housing. Cusack complimented the Council and the staff for their hard work.

Chair Woolley called for any questions of Tom Cusack, there being none, and she thanked him for his comments. The Chair then called for anyone else who would like to make comments on the QAP or any of the other aspect of the NOFA discussed.

May 17, 2013 - Housing Council Meeting Minutes

Ross Cornelius, of Guardian Real Estate Services, stepped forward and complimented the Department for all of their great work, highlighting that this is the first time he has seen this much input and transparency. Cornelius went further to say that the transparency that has been created is a huge step from previous leadership. He reiterated the concern about setting up a regional framework as it can be difficult to do. It will be a new process for all involved to rationalize the regional priorities. Cornelius drew attention to the fact that the basis boost did not include financial feasibility and thought that it might be beneficial to add it, particularly for projects that are entirely tax credit projects.

Cornelius drew attention to the fact that LIHTC projects require sign offs from sponsors, attorneys and bankers, who are all making guarantees as to the content of their proposals. He posed the question for staff to consider about the trade-off between how much underwriting the Department should be doing on a project and how much the sponsors are doing with their guarantees. Cornelius suggested that more discussion be done around this issue and the trade-offs. Mr. Cornelius felt as though comprehensive community development was a concept missing from the published documents and expressed the desire to recognize that housing, being an important part of a community, is really powerful when it is in conjunction with other benefits (e.g. housing and reducing recidivism). Finally, he encouraged the council to look at social investment bonds

Chair Woolley asked for any questions or comments from council members for Cornelius.

Mike Fieldman echoed the comments on comprehensive community development for special needs communities.

Sharon Nielson, of the Nielson Group, stepped forward with a question for the council and staff. Nielson asked if the RADs would be the appropriate resource within the new NOFA process for getting information.

Director Van Vliet, answered yes, but deferred to Karen Tolvstad for further clarification. Karen said that they are working on designating the appropriate avenues for obtaining information so there will be more to come on that. For now the RADs are the resource.

Nielson, commented that this process has been rigorous and that while she has concerns- she acknowledges that developers and staff alike are in the midst of a culture change and paradigm shift. Nielson recognized how uncomfortable the process is and she wanted to commend the staff for their tenacity, continued commitment and support of project sponsors.

Discussion and Vote

With their being no further public comment, Chair Woolley read the following recommended motion for Housing Council members:

May 17, 2013 - Housing Council Meeting Minutes

Motion: State Housing Council approves the final 2013 Qualified Allocation Plan as presented today. Chair Woolley reiterated that the council will only be approving the rewritten, streamlined plan so that the NOFA process can move forward. We are simply approving the streamlined plan and recommending that it be forwarded to the Governor for signature to enable us to move forward with issuing the NOFA in June and allocating funds.

Mike Fieldman commented for the record that he takes issue with “resident services” as criteria category that is simply evaluated with a yes or no response. Fieldman explained that the wrap around services that go along with special needs housing are critical to the success of that project actually serving the needs for which they are created. He suggested, as the process becomes more refined over the next several months, that resident service plans be evaluated more closely.

Tammy Baney commented that the QAP process has been an adventure and thanked all of the partners for doing the work on the ground because without their work needs would not be addressed. Baney stated that she is proud of the agency for taking and incorporating, to a large extent, the input from the partners because the unique aspects of individual communities are critical. Baney cautioned that we may not have gotten it right this time and just as partners are concerned, Housing Council members are equally concerned, but she feels that this is our best educated approach and that it must be tested in order to know whether or not it will work.

Aubre Dickson gave kudos to the staff as this was a big undertaking with everything else that is going on. He imparted his view that the review panel selection will be critical to the success of the new NOFA so he will be looking forward to seeing more information on that. Dickson also drew attention to the scoring criteria regarding energy efficiency requirements and green requirements. Dickson cautioned that this guideline be reviewed carefully as he is concerned that inconsistencies will be counter-productive to the aim of being green.

Chair Woolley advised that she and Margaret had a meeting with Val Valfre as he is out of the country, in order to ensure his concerns would be considered as part of the process. His concerns surround the selection of the individuals on the scoring teams. Chair Woolley expressed that she shared that same concern and acknowledged that others do as well; she reinforced that more clarity will be requested from staff on that topic specifically as the NOFA and supporting documents are refined.

Chair Woolley wanted to ensure that anyone with outstanding concerns knew that there will be additional opportunity for input, there will be a 30- public comment period related to all of the outstanding issues and concerns during the official rule making process. Chair Woolley stated that she and the rest of the Housing Council are committed to making this process more equitable, more transparent –to address policy issues locally and at a statewide level and to shift the focus of the work toward comprehensive community development. She requested patience and trust that and assured everyone that council members and staff will continue to engage throughout the process because it is not done.

Vote: In a roll call vote the motion passes. Members present: Tammy Baney, Aubre Dickson, Mike Fieldman, Zee Koza and Chair Jeana Woolley.

6. REPORT OF THE DIRECTOR

Director Van Vliet started her report by thanking everyone for their patience and commitment to shared goals. She then thanked her staff for their hard work. VanVliet characterized this as a journey and a learning process for all involved; and stated that although the final version of the QAP might have elements that will need to change, this process has established the values of the Department and demonstrated to partners and stakeholders how staff will approach engaging them in this process moving forward.

- **Agency Transition Planning Updates**

Van Vliet advised the council that good work is being done with the transition planning and the Department intends to publish an in-depth update on Monday that will show the a timeline with the aim of presenting a plan for submission to the Governor and the Legislature in February of 2014. The department will be engaging in building scenarios, which will require three things: 1) baseline data, 2) national best practices data; and 3) creative ideas that just might work. The Director stated that at this point both internal data and external data gathering is in progress, with scenario building set to begin in the Fall. Van Vliet has been working on assembling an advisory committee to guide the work of the Department and to provide a high level look at the scenarios with a fresh perspective. An update on the Department's progress will be provided to the legislature in September with the goal of submitting proposals to the legislature in December for their consideration, which will be voted on in February. This timeline will be part of the update published on Monday so that it is clearly laid out.

- **Legislative Update**

Van Vliet reported that the Revenue forecast came out yesterday, and the headline gleaned from it was that the General Fund is up \$200 million, and although OHCS receives a small amount of funding from the General Fund this will affect other budget decisions which may have a positive impact on the Department. Now the Legislature will be moving toward adopting individual agency budgets; the OHCS budget will go to work session at the end of May. The work session will not require a presentation but the Director and key staff will be present and available to answer questions of committee members.

The Director went on to say that there are several housing-related bills being considered that, if passed, will impact the Department. The first bill provides fixes to the foreclosure mediation program paving a clearer pathway to counseling services. There is a bill that would add a layer of protection for Section 8 voucher holders, making it illegal for landlords to deny applicants solely for that reason. There is a proposed increase to the Document Recording Fee specifically for veteran housing; and there is a proposed increase to the Meter Charge which would allocate funds for additional energy assistance. Department staff are watching these bills very closely as they will bring more resources into OHCS.

- **Future Housing Council Meetings**

Van Vliet went on to report that the next housing council meeting is scheduled, 3 weeks out, on June 7th, at which, the Director will bring the updated transition framework, Housing Development Center will be doing a presentation and Michael Jordan, Chief Operating Officer will be present and talk to the council about transformation from the state government point of view. Van Vliet reiterated that the July 12th meeting is cancelled; however there are two transactions that will require approval in July so staff will work to schedule a phone conference with council members for these.

Mike Fieldman imparted his anticipation of Michael Jordan's attendance and presentation. He reminded the Director that this might be a good opportunity to have a joint CAPO meeting which had been previously discussed at council. Director Van Vliet thanked Fieldman for this reminder and agreed.

7. **Report of the Chair**

Chair Woolley, imparted her report when she spoke about the QAP, the process that has gotten the NOFA to its current status and what she anticipates going forward.

9. **Adjourn State Housing Council Meeting**

Chair Woolley called for any last comments or other business, there being none, she adjourned the meeting- offering as a final thought that the efficiency of this housing council meeting is a testament to the good work of the Department.

Adjourned at 10:45 a.m.



8/02/2013

Jeana Woolley, Chair
Oregon State Housing Council

DATE



8/02/2013

Margaret S. Van Vliet, Director
Oregon Housing and Community Services

Date