

OHCS CURRENT STATE CONTINUED

State Housing Council

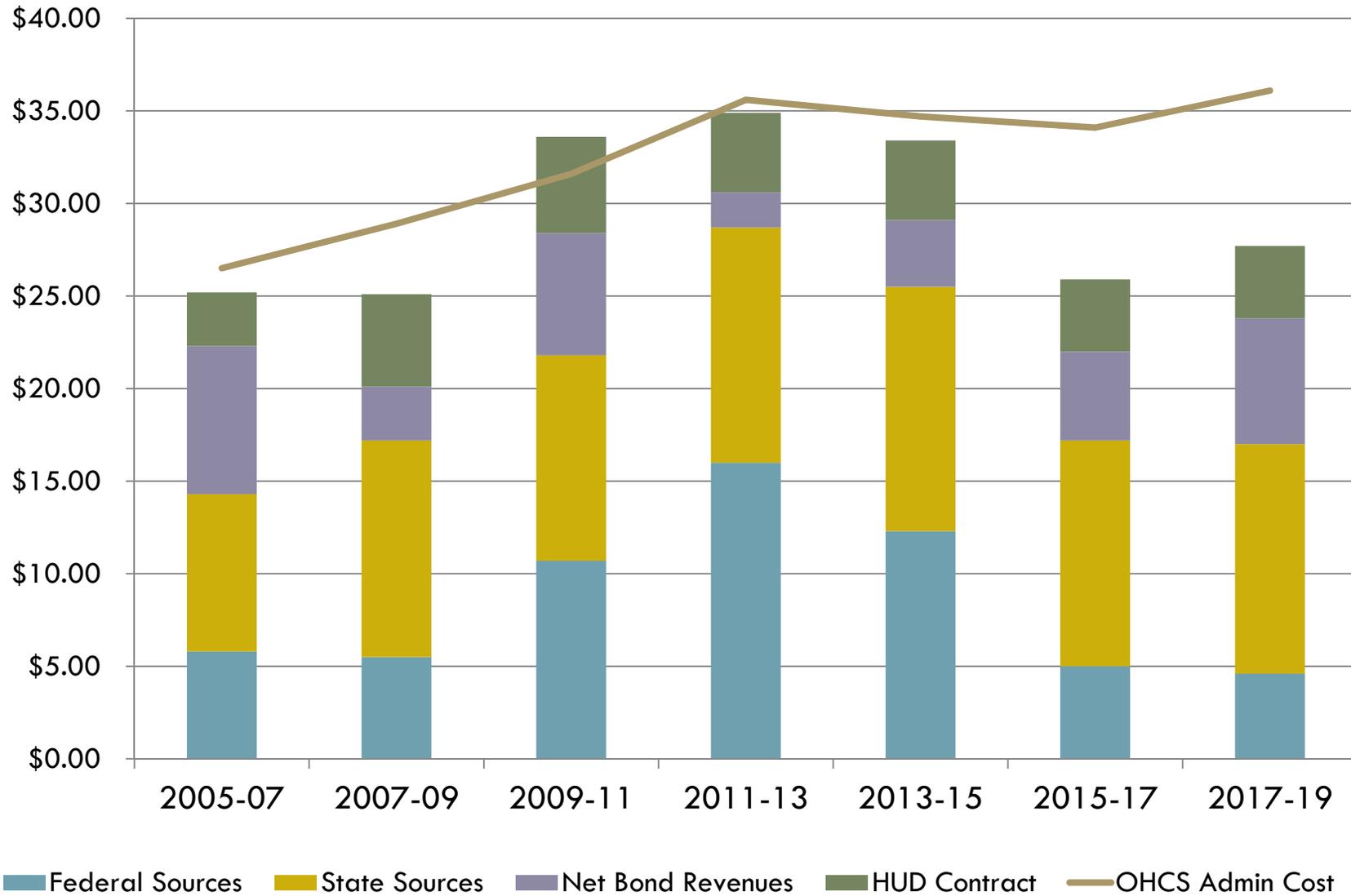
October 4, 2013

9:00 A.M.



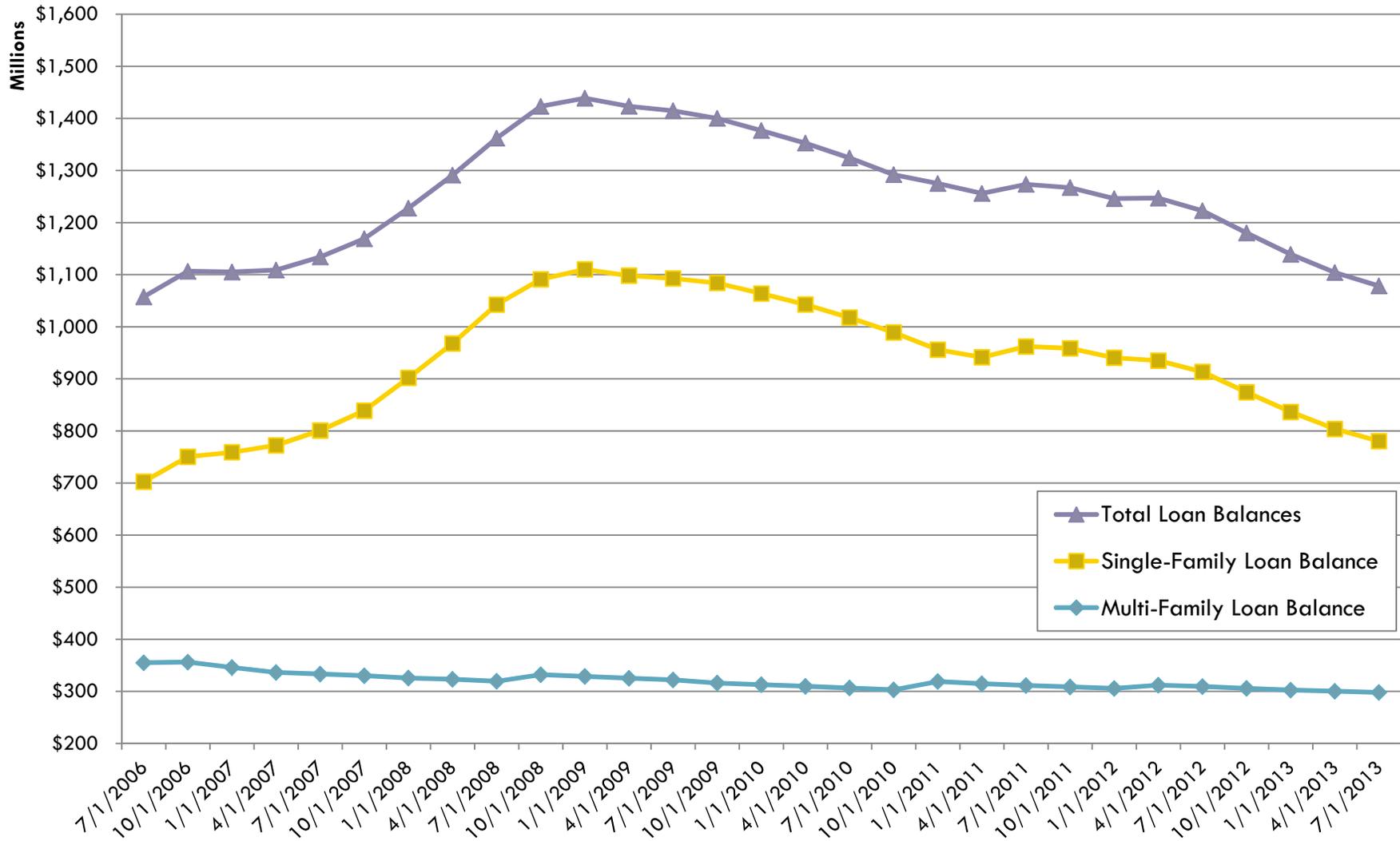
FISCAL SUSTAINABILITY AND ACCOUNTABILITY

OHCS Administrative Costs & Revenue Sources

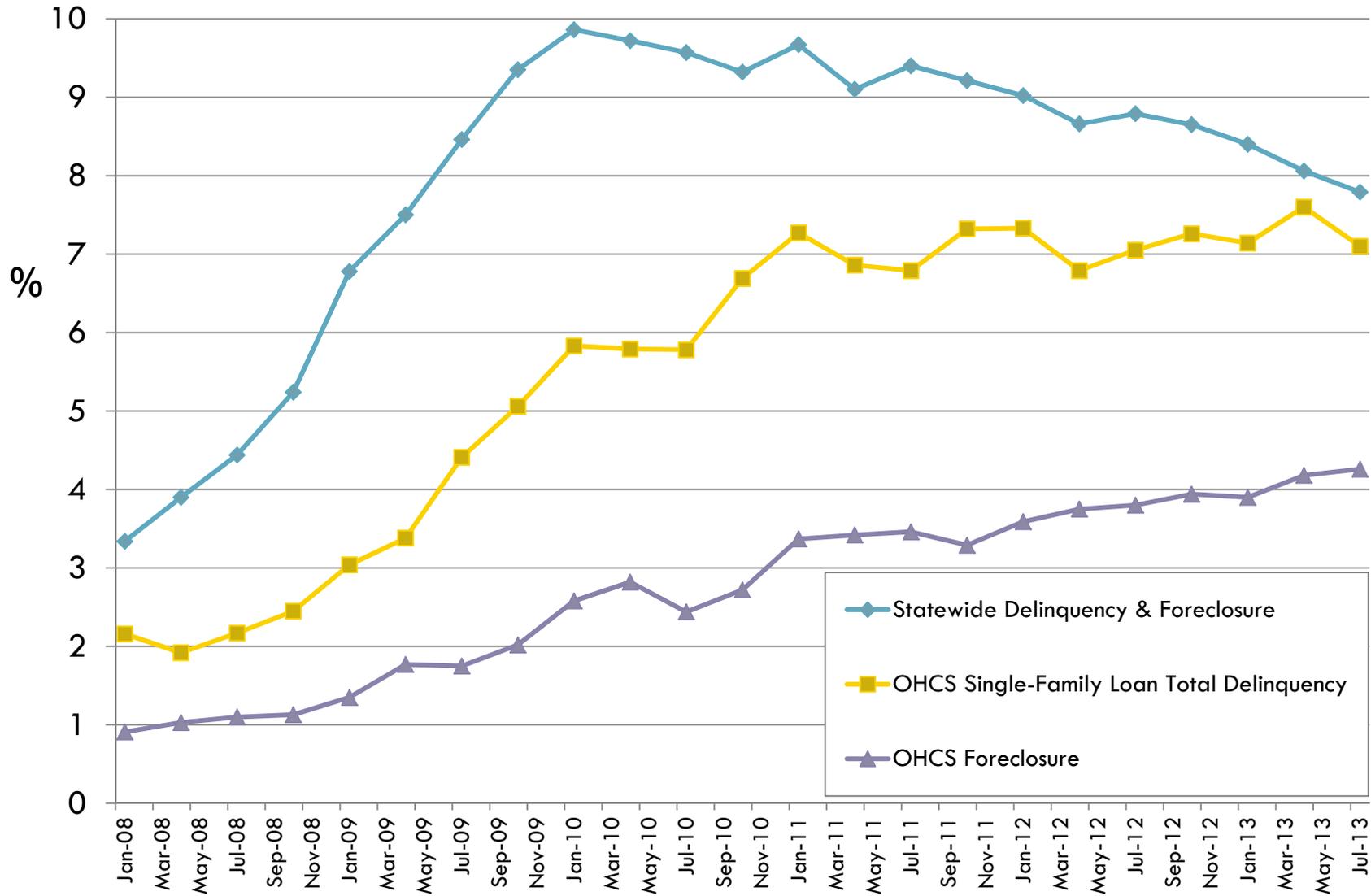


OHCS Bond Portfolio

OHCS Loan Balances



Trends in Single Family Foreclosure



Recent Moody's Report

MARCH 6, 2013 U.S. PUBLIC FINANCE

Moody's INVESTORS SERVICE

Outlook for US State Housing Finance Agencies for 2013 Remains Negative

Sector is Positioned for Future Stabilization, Should Key Credit Drivers Strengthen

INDUSTRY OUTLOOK

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Summary Opinion

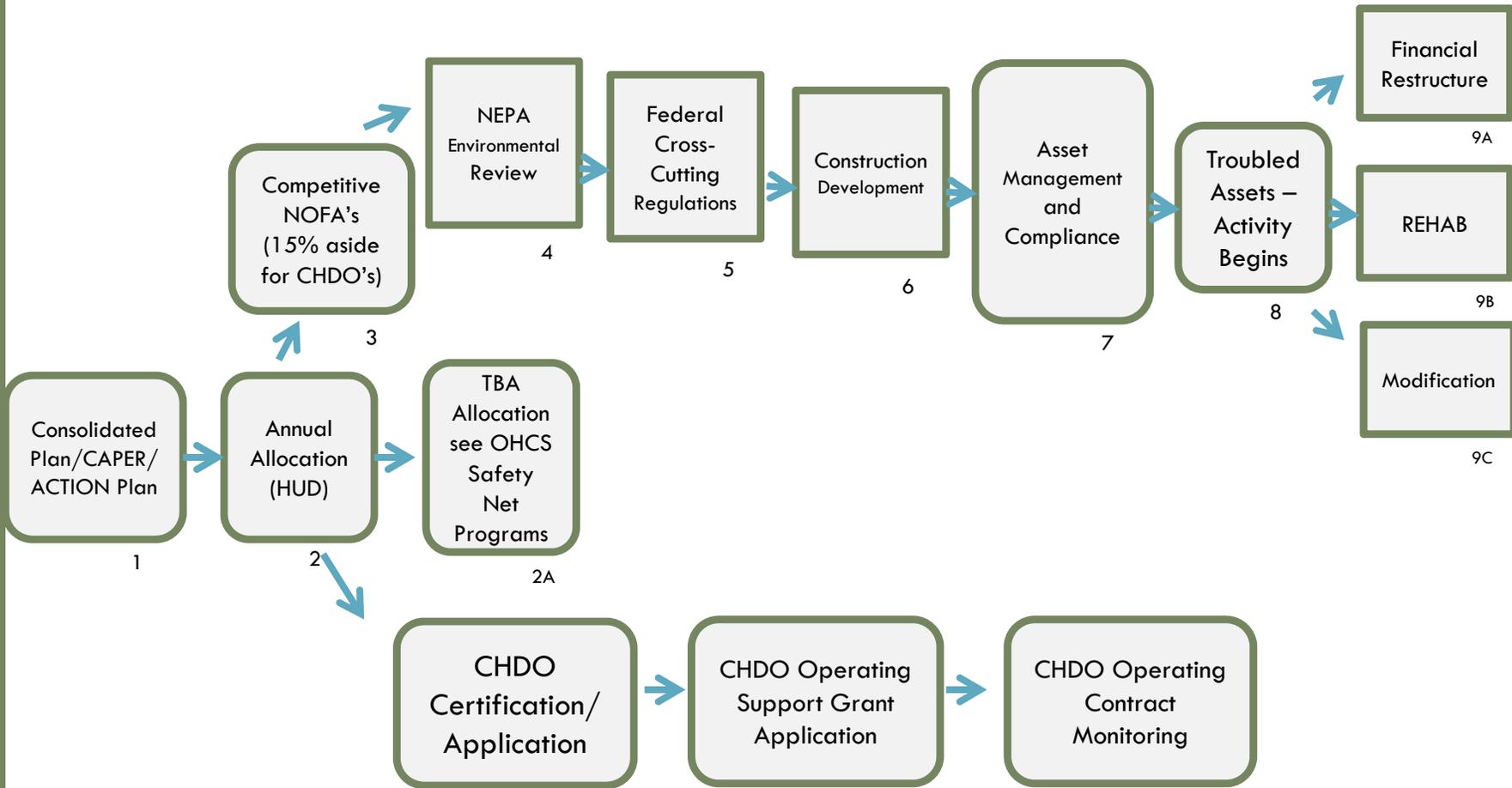
Moody's outlook for the US state housing finance agency sector is negative. The outlook expresses our expectations for the fundamental credit conditions in the sector over the next 12 to 18 months. It does not speak to expectations for individual rating changes and is not a prediction of the expected balance of rating changes during this time frame.

The outlook for US state housing finance agency (HFA) sector remains negative. While the U.S. housing market has begun to show signs of improvement, HFA credit drivers are more

OHCS TRANSITION RESEARCH

Please Note: These slides were shared with the State Housing Council as a example of the types of information that scenario build teams are reviewing as they consider alternative service delivery models. These are not intended to impart complete information or predetermined conclusions.

HOME Service Delivery Map



HOME Program Financials

Scenario build teams are reviewing program level financial drivers along with other research findings.

Multifamily		HOME
Program Number:		27
Resources for Administrative Costs		
Beginning Balances		0
General Fund		0
Federal Funds		1,220,953
Document Recording Fees		0
Public Purpose Charge		0
Other Restricted Funds		0
Unrestricted Funds:		
Housing Finance Account–Net Bond Distributions		0
Housing Finance Account–Fees, etc.		3,033
HUD Contract Admin		0
Total Revenues & Resources for Admin		1,223,986
Admin Costs		
Program Admin Costs		1,191,660
Compliance (Asset Mgmt) Costs		0
Share of Indirect Costs (DO, PCSD, BOD)		480,853
Total Costs		1,672,513
Balance		(448,527)
Excess Restricted Admin Funds		0
Unrestricted Admin Funds		0
Shortfall (Fund from Other Programs)		(448,527)
Funding FROM Other Programs (for Shortfall)		
Related Programs (including Match Funds)		597,767
Elderly & Disabled Funds (Shared Costs)		57,302
Housing Finance Account		111,209
HUD Contract Admin Account		0
Total Funding FROM Other Programs		766,278
Funding TO Other Programs		296
Balance of Restricted Funds		611,049
Balance of Unrestricted Funds		0
Program Payments		
Program Payments		12,528,643
Calculated FTE		
Direct		6.34
Indirect		1.71
Total FTE by Program		8.05

Secretary of State's Performance Audit, Cont.

SUMMARY OF PROGRAMS WITH POSSIBLE DUPLICATION, OVERLAP, OR FRAGMENTATION

Program Name	Agency/ Department	Goals/Services	Beneficiaries	Delivery Partners
Mental Health Services Housing Fund	OHA	Y		
Community Mental Health Housing Trust Fund	OHA	Y		
Oregon Recovery Homes	OHA		Y Y	
DD Community Housing Program/Community Integration Program				
Homes - Maintenance and Repair Program	DHS	Y		
Energy Efficiency and Sustainable Technology	Dept of Energy	Y Y	Y	
Energy Incentive Program (Energy Conservation and Transportation Projects)	Dept of Energy	Y		
State Home Oil Weatherization	Dept of Energy	Y	Y Y	Y Y
Projects for Assistance in Transition from Homelessness	OHA		Y Y	

Alternative Service Delivery Models; Research Summary, HOME Program

Real Estate Finance: Multifamily

HOME, Elderly and Disabled, Multi-Family Bond, Conduit Bond, Loan Guarantee, Housing Development Grant Program, Pre-Development Loan Program, Low Income Weatherization, Oregon Rural Rehab, Farmworker Housing Development Program, Manufactured Home Park Purchase, Program, Vertical Housing Tax Credit, Low Income Housing Tax Credit, Farmworker Housing Tax Credit, Oregon Affordable Housing Tax Credit

OREGON	Alternative Models Identified			
	UTAH	IOWA	MINNESOTA	WASHINGTON
Governance State agency and state HFA State Housing Council approves awards over \$200K.	State agency but not state HFA. Olene Walker Housing Loan Fund Board members approved by Governor.	Quasi-governmental and state HFA. Board of Director's approves funding awards.	State agency and state HFA Board of Directors approves program concept and policies.	State agency but not state HFA. Affordable Housing Advisory Board advises on housing related issues.
Funding \$6,201,900 (FY2012 allocation)	\$3,000,000 (FY2012 allocation) \$2,200,000 state match \$5,000,000 program income	\$6,071,826 (FY2012 allocation) \$1 million program income	\$6,154,154 (FY2012 allocation)	\$5,373,699 (FY2012 allocation) \$1,200,000 program income
Activities Rental housing development Tenant Based Rental Assistance CHDO Operating Grants	Rental housing Tenant Based Rental Assistance Homeowner rehab or RD sweat-equity.	Rental housing Homebuyer assistance Tenant Based Rental Assistance (TBRA) CHDO Operating Grants	Rental housing solely for preservation projects with federal PBA. Homeowner Entry Loans.	Rental housing Tenant Based Rental Assistance
Service Delivery Funds limited to non-entitlement communities. Competitive NOFA with LIHTCs and other state resources. Applicant requests HOME funds. Funding awards as grants. Applicant must identify 25% HOME match.	Funds awarded state-wide in competitive cycle other funding resources but not LIHTC, which is administered at HFA. Agency uses LIHTC application for review of HOME requests. Funding awarded as loans. \$1 million cap per project. Homeowner rehab subgranted to associations of gov't. State appropriated match funds.	Funds awarded state-wide. Homebuyer assistance administered through local entity (COGs) for downpayment assistance and downpayment with rehab. Funds awarded as grants. Lease to own very successful model. Utilize electronic application Applications reviewed using risk based assessment (experience/capacity of developer). \$1 million cap/project and funding provided as loans. Contracts TBRA with one CAP	Funds awarded state-wide. Homeowner loan program delivered by participating lenders. Lenders front \$'s and are reimbursed by MHFA. Rental housing applicant requests gap subsidies and MHFA selects which projects to receive HOME \$s. \$3 million cap/project and funding provided as loans. Loan are zero percent, 30 percent deferred payment. MHFA has the flexibility to adjust terms based. Limit affordability term to HUD minimum to reduce HOME	Funds awarded state-wide. Competitive NOFA with state Trust Fund but LIHTC administered at HFA. Funding provided as loans Applicant requests gap subsidies and WA selects which projects to receive HOME \$s. State Trust Fund used as match

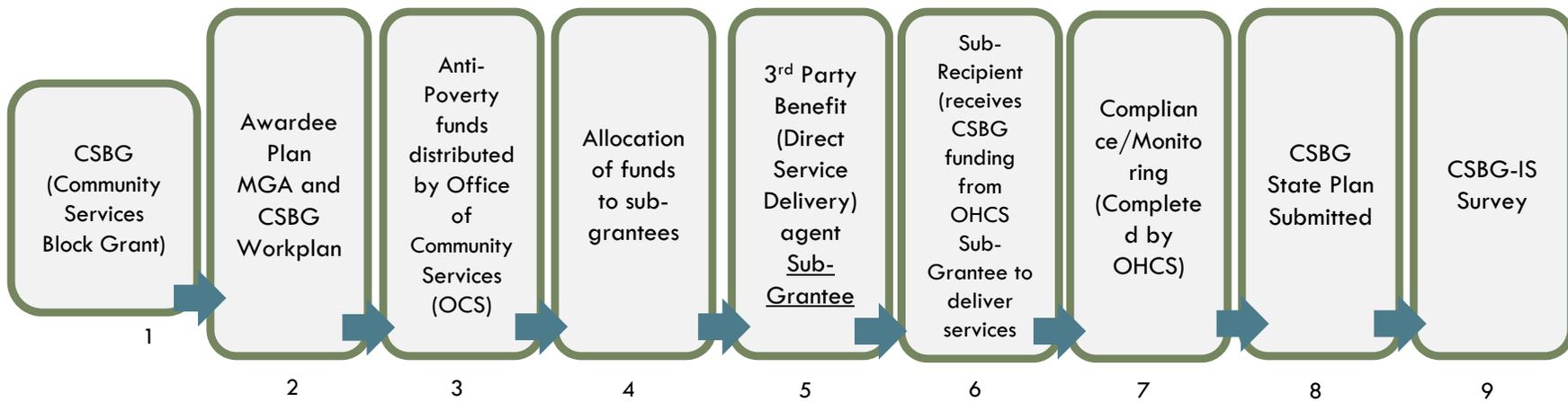
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OREGON	Alternative Models Identified			
	UTAH	IOWA	MINNESOTA	WASHINGTON
		much of the administrative work and who then contracts with individual CAP agencies.	cost to agency. Most projects have other resources which require longer affordability.	
<u>Compliance</u> Completed in-house. Streamline initiative with collaborative partnership with 8 other funders.	Completed in-house. Site visits during development phase for quality of work, HOME and federal crosscutting regulation compliance. No coordinated or shared monitoring between state agency and HFA on HOME/LIHTC projects.	Tenant file reviews and reports done in-house. Physical inspections completed by private contractor with expertise on building systems.	Every homeowner loan file reviewed by MHFA and lenders reimbursed only if HOME eligibility criteria met. Rental housing development compliance monitoring recently brought back in-house. Each project has a compliance officer for physical and file inspections and management officer for review of operating budgets.	Completed in-house. Implemented a 3-phased level of intervention when concerns identified. Level dependent upon severity of noncompliance.

CSBG Service Delivery Map



CSBG Program Financials

CSBG funds flow primarily to local partners, and OHCS retains some to cover administrative costs

Preventing and Ending Homeless CSBG	
Program Number: 8	
Resources for Administrative Costs	
Beginning Balances	0
General Fund	0
Federal Funds	789,148
Document Recording Fees	0
Public Purpose Charge	0
Other Restricted Funds	0
Unrestricted Funds:	
Housing Finance Account--Net Bond Distributions	0
Housing Finance Account--Fees, etc.	0
HUD Contract Admin	0
Total Revenues & Resources for Admin	789,148
Admin Costs	
Program Admin Costs	282,678
Compliance (Asset Mgmt) Costs	0
Share of Indirect Costs (DO, PCSD, BOD)	144,974
Total Costs	427,652
Balance	361,496
Excess Restricted Admin Funds	361,496
Unrestricted Admin Funds	0
Shortfall (Fund from Other Programs)	0
Funding FROM Other Programs (for Shortfall)	
Related Programs (including Match Funds)	0
Elderly & Disabled Funds (Shared Costs)	0
Housing Finance Account	10,803
HUD Contract Admin Account	284
Total Funding FROM Other Programs	11,087
Funding TO Other Programs	187,131
Balance of Restricted Funds	185,451
Balance of Unrestricted Funds	
PROGRAM PAYMENTS	
Program Payments	9,956,578
Calculated FTE	
Direct	1.21
Indirect	0.52
Total FTE by Program	1.73

Secretary of State's Performance Audit

SUMMARY OF PROGRAMS WITH POSSIBLE DUPLICATION, OVERLAP, OR FRAGMENTATION

Program Name	Agency / Department	Goals / Services										Beneficiaries										Delivery Partners									
		Prevent Foreclosure/Homeownership Retention	Develop/Renovate/Affordable Multi-Family Housing	Assist with Home Energy Costs	Rehabilitate Communities	Beneficiary Education	Beneficiary Financial Support	Essential Support Services	Food	Housing/Rent Assistance	Shelter	Training/Technical Assistance	Food, or vouchers/funds for food	Homeowners	Low Income Households (Individuals/Households)	Elderly	Farm Workers	People with Disabilities	Persons in Recovery	Women, Infants	Children/Youth	Homeless/At Risk of Homelessness	Native Americans	People with AIDS	Victims of Domestic Violence	People with Mental Health and/or Substance Use Disorders	Persons in Recovery from Substance Abuse	Non-Profit Organizations	Private Organizations	Agency Direct	
Foreclosure Avoidance Mediation Program	Dept of Justice	Y											Y																		
Alcohol and Drug Free Housing Development	OHA		Y											Y			Y														
Projects for Assistance in Transition from Homelessness	OHA						Y		Y											Y				Y							
Housing Opportunities for Persons with AIDS / Oregon Housing Opportunities in Partnership	OHA			Y					Y					Y							Y		Y						Y		
Supportive Housing Program	OHA								Y											Y											
Substance Abuse Prevention and Treatment Block Grant	OHA						Y		Y					Y						Y		Y		Y							
Alcohol and Drug Free Housing Assistance Services	OHA								Y					Y						Y				Y		Y					
Oregon Recovery Homes	OHA								Y		Y									Y				Y							
Runaway and Homeless Youth Program	DHS						Y	Y		Y	Y									Y	Y										
Domestic and Sexual Violence Program	DHS									Y											Y			Y							
Temporary Assistance for Domestic Violence Survivors	DHS			Y			Y		Y		Y			Y							Y		Y				Y	Y			
Independent Living Housing Subsidy	DHS						Y		Y		Y									Y											
Chafee Housing Program	DHS						Y		Y		Y									Y											
Temporary Assistance for Needy Families	DHS			Y										Y							Y									Y	
Community Development Block Grant	Oregon Business Development Department		Y		Y									Y																	
Education for Homeless Children and Youth	Dept of Education					Y														Y	Y										
Oregon Head Start Prekindergarten Program	Dept of Education					Y			Y		Y			Y		Y			Y	Y	Y	Y									
Elderly Rental Assistance	Department of Revenue					Y			Y					Y	Y																
Senior Citizens Property Tax Deferral	Department of Revenue					Y			Y					Y	Y																
Disabled Citizens Property Tax Deferral Program	Department of Revenue					Y			Y					Y		Y															



Alternative Service Delivery Models

ALTERNATIVE SERVICE DELIVERY MODELS RESEARCH SUMMARY SAFETY NET PROGRAMS			
Grants Administration: Preventing and Ending Homelessness Emergency Housing Assistance, Emergency Solutions Grant, State Homeless Assistance Program, Housing Stabilization Program, Rent Guarantee Program, Low Income Rental Assistance, HOME Tenant Based Assistance, Community Services Block Grant.			
OREGON-CSBG	COLORADO-CSBG	IDAHO-CSBG	WASHINGTON-CSBG
<u>Governance</u> Oregon Housing and Community Services	Colorado Department of Local Affairs No state statute/regulations in addition to U.S.C. 42	Idaho Department of Health and Welfare	Washington Department of Commerce Washington's State programs regulations/statutes language indicates to follow federal regulations for possible future change needs ROMA certified trainer on staff at state level
<u>Funding</u> (FY 2012) \$4,873,417 90% passed through to eligible entities 5% OHCS Admin 5% Discretionary Funding	CSBG Funds awarded: \$2,893,010 Incentives for Multi-County partnering: Counties that partner up as the Multi-County that was created previous spring (3+ counties) will gain \$12,500 in extra CSBG funding for services (equals to 37,500 in extra incentive) to those counties Supplement to funding allocation to ensure allocation is at least 5,000 Use of discretionary funds: Incentives, Supplementing allocations, used to assist in eliminating poverty and homelessness in Colorado, used to hold state's annual Homeless Conference		CSBG Federal Funding: \$6,977,634 CSBG State Funding: \$1,012,000 State CSBG funding in addition to federal CSBG dollars State and Federal funds are placed into one funding pool before formula is calculated for allocations and breakdowns Operates under calendar year

Alternative Service Delivery Models, Cont.

<p><u>Activities</u></p> <p>Goal 1: Low-income people become more self-sufficient. Goal 2: The conditions in which low-income people live are improved. Goal 3: Low-income people own a stake in their community. Goal 4: Partnerships among supporters and providers of service to low-income people are achieved. Goal 5: Agencies increase their capacity to achieve results. Goal 6: Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other supportive systems.</p>			<p>In addition to ROMA; supports WA department priority global goal: Mobilize and enhance local assets that strengthen community ability to meet the economic and social needs of WA's families, workers, and employers</p>
<p><u>Service Delivery</u></p> <ul style="list-style-type: none"> • CSBG Awarded to OHCS • MGA/CSBG Work plan • Allocation to 18 Sub-Grantees (CAA's) to deliver 	<p>Local Government</p> <p>3 year contracts versus MGA with an "umbrella agreement" which covers 5 years</p> <p>36 sub-grantees</p> <p>Colorado historically is not a CAP state; since CSBG in the 80's, they have had a waiver to deliver CSBG through local government versus CAA's</p>	<p>Department of Health and Welfare contracts with Community Action Partnership Association of Idaho to execute certain administrative functions (Subcontracting with eligible entities, Coordinating and/or providing training and technical assistance, Drafting State Plan, Coordinating the monitoring of eligible entities, Outreach and Public Information, ROMA and Information Systems Survey Completion, Grievance and Dispute resolution, Record Keeping) of the CSBG on its behalf, however, the Department retains all authority</p> <p>7 regions covering 44 counties (6 CAA's)</p>	<p>Requires annual supplement to work plans to ensure sub-grantees are on track with biannual agreements/plans</p> <p>In addition to CAA's, public agencies, limited purpose agencies (30 eligible entities)</p> <p>Entities provide outcomes and client characteristics twice per year</p> <p>CSBG funds are coordinated with CDBG (Community Development Block Grant) in non-entitlement areas of state</p>
<p><u>Compliance</u></p> <p>CSBG Program Coordinator, Fiscal Monitor, Compliance Specialist</p>	<p>Additional work at state level on behalf of the local level.</p>	<p>Monthly fiscal reports provided to department from sub-grantee</p>	<p>Implementation of mandatory risk assessment for all grantees. Currently implementing two agency-wide risk assessment surveys; One for the Dept. of Commerce and another for the sub-grantees. The two scores will combine to provide Commerce with a programmatic risk assessment score for each particular grantee or contractor.</p> <p>Internal Compliance database is maintained</p>

OHCS Advisory Bodies

Currently, OHCS has ten statutorily named advisory bodies.

Beyond the complication of having so many entities advise the agency on a variety of issues with no overarching stated goal, these advisory bodies were developed independently over many years without any congruency or consideration for consistency.

Included in the transition should be a look at possible consolidation of the advisory groups leading to a single comprehensive advisory body to serve the agency.



State Housing Council; Est. 1971; ORS 456.567



Community Action Partnership of Oregon (CAPO); ORS 465.555



Advisory Committee on Energy; Est. 1987; ORS 458.515



Oregon Hunger Relief Task Force; Est. 1989; ORS 458.532



Farmworker Facilitation Team; Est. 2001; ORS 456.585



Interagency Council on Hunger and Homelessness; Est. 1993; ORS 458.525



Ending Homelessness Advisory Committee (EHAC); Est. 2006; ORS 458.528



Oregon Volunteers Commission for Voluntary Action and Services; Est. 2007; ORS 458.568



NEW: HB 2004 Advisory Committee on Low-Income Electric Bill Payment



NEW: HB 2639 Housing Choice Advisory Committee

SAMPLE SCENARIO

Sample Scenario

PROGRAM AREA

SPECIFIC EXISTING OHCS PROGRAMS ADDRESSED

MODEL CHANGE OVERVIEW

SUMMARY Expand multi-family low income energy-efficiency program for existing buildings.

PROPOSED MODEL This will be an open-competitive award offered twice per year. The funding platform will combine both federal and state weatherization and energy assistance funding sources for low-income households. Funding packages will be awarded based upon need, grant qualifications, funding leveraged and energy savings. R.F.P.'s will be issued and applications will require detailed proposals. The Department would utilize these State and Federal dollars(DOE,LIHEAP,ECHO,BPA,PVE) in set-aside amount specific to multi-family buildings.

PRESENT MODEL OHCS NOFA model currently offers a multi-family energy efficiency award with packages. Packages are exclusive to PGE or Pacific Power and Light service territory customers. Applicants must win the entire NOFA package to benefit from this award.

MODEL HIGHLIGHTS

- Proposals may include entire portfolios.
- Fuel blind and statewide service.

Sample Scenario

DECISION CRITERIA

LOW



HIGH

LOW	MED	HIGH	CRITERION	PROS	CONS
	■		Greater numbers of Oregonians can more easily achieve self-sufficiency.	<ul style="list-style-type: none"> Provides services to all citizens (fuel-blind) Outside the NOFA award restrictions 	<ul style="list-style-type: none"> The different requirements of the associated funds and limitations of resources
	■		Aligns with the Prosperity Initiative by reducing poverty and increasing equity.	<ul style="list-style-type: none"> Meets with Governors Ten year Energy Plan Increases equity by broadening services into a statewide model. 	<ul style="list-style-type: none"> Urban versus rural needs Limited funds available
■			Programs are financially sustainable for the State over the long term.	<ul style="list-style-type: none"> Historically these funds have been consistently funded each year.(30 years) 	<ul style="list-style-type: none"> Funds are grant based and amounts are unpredictable
		■	Local capacity and decision-making are encouraged to achieve specified high-level state policy outcomes.	<ul style="list-style-type: none"> Applicants choose targets RFP's will require these elements 	<ul style="list-style-type: none"> Urban versus rural needs
		■	Program decision-making processes, requirements and expected outcomes are clearly defined.	<ul style="list-style-type: none"> RFP's are well-defined Rules/statutes are already in place. 	<ul style="list-style-type: none"> Leveraging of blended funding sources with multiple funding requirements would be administratively burdensome
		■	Governance, management and compliance are streamlined and serve to further the alignment with other state transformation efforts.	<ul style="list-style-type: none"> Program will align with Governor's Ten Year Energy Plan and Prosperity Initiative 	
	■		Increases efficiencies and positive experience for program recipients and contractors through ease of process, coordination, flexibility and accessibility.	<ul style="list-style-type: none"> One funding platform and access for low-income multi-family affordable housing providers. 	<ul style="list-style-type: none"> Alignment with other utility non-income based programs offering financial rebate or grant programs may prove confusing to applicant.
	■		Implementation complexities and risks are manageable and prudent	<ul style="list-style-type: none"> Funding platform, capacity and delivery model structure already exists with OHCS. Rules and statutes already in place. 	<ul style="list-style-type: none"> Using federal grants with this platform would be restrictive for certain applications.



IMPLEMENTATION IMPLICATIONS AND RISKS

- Contractors may take advantage of funding caps/limitations increasing market costs and reducing energy savings impacts.
- Urban and rural areas may require set-aside amounts specific to these types of regions for increased equity.
- Adjustments and waivers (minor) may be required to meet minimums to operate smoothly within the aggregated funding platform.

QUESTIONS?