

OREGON STATE HOUSING COUNCIL | REGULARLY SCHEDULED PUBLIC MEETING

JULY 11, 2014 | MEETING MINUTES

HOUSING COUNCIL MEMBERS PRESENT:

Jenna Woolley, Chair
Tammy Baney
Aubre Dickson
Mike Fieldman
Val Valfre

HOUSING COUNCIL MEMBERS NOT PRESENT:

Mayra Arreola
Zee Koza

OHCS STAFF PRESENT:

Margaret Van Vliet, Director Oregon Housing and Community Services
Julie Cody, Assistant Director Housing Finance Division
Mike Boyer, Legislative and Communications Coordinator
Karen Chase, Regional Advisor to the Department
Danny Gette, Loan Officer Multi-Family Section
Diana Koppes, Assistant Director Business Operations Division
Alison McIntosh, Government Relations and Communications Liaison
Mike Micham, Loan Officer Multi-Family Section
Ryan Miller, APM Manager
Jen Marchand, Compliance Officer
Rem Nivens, Assistant Director Public Affairs Division
Heather Pate, Multifamily Finance and Resources Section Manager
Tony Penrose, Loan Officer Multi-Family Section
Theresa Pumala, Loan Officer Multi-Family Section
Joyce Robertson, Loan Officer Multi-Family Section
Kimber Sexton, Compliance Officer
Katherine Silva, Director's Executive Assistant
Kim Travis, Community Engagement Manager

Guests Present:

Shelly Cullin
Krista McDowell
Mark Miller
Paul Dagle
Jason Elzy

1. **CALL TO ORDER AND ROLL CALL**

Chair Woolley calls the May 2nd, 2014 meeting to order at 9:05 a.m. and asks for roll call.
Members Present: Tammy Baney, Aubre Dickson, Mike Fieldman, Val Valfre and Chair Woolley.
Members Not Present: Mayra Arreola, Zee Koza.

2. **DRAFT MEETING MEETING MINUTES FOR APPROVAL**

Chair Woolley asks Council members for comments or corrections to the draft May 2nd, 2014 minutes.
There being none; the motion was read:

Motion: Val Valfre moves that the Housing Council approve the May 2nd, 2014 meeting minutes as written.

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

3. PUBLIC COMMENT

Chair Woolley called for anyone who wished to provide public comment for the Council’s consideration to come forward. There being no one, the Council proceeded to the next item on the agenda.

EXECUTIVE SESSION:

The State Housing Council met in an Executive Session under the provisions of ORS 192.660(2)(e) and (f) at Oregon Housing and Community Services to consider the restructured funding of the Columbia Knoll Apartments. Dee Carlson, of the Department of Justice, was asked to read the official notice of the executive session, excusing all members of the public and non-designated staff from the room. Chair Woolley adjourned the public meeting and convened the Executive Session. A record of the Executive Session is on file with the Department in accordance with public meeting rules.

Upon adjourning the Executive Session, Chair Woolley called the public meeting to order.

4. REFINANCE AND RESTRUCTURE APPROVAL

Chair Woolley noted that Columbia Knoll is not an ideal transaction and therefore will require additional oversight from the Department and reporting to the Council. Noting that the challenges discussed were not completely solved by the recommended action, Chair Woolley requested that an amendment adding the requirement of a six month status update report to be provided to Council members be included in the motion prior to the Council’s vote.

Mike Fieldman stated that Chair Woolley’s caution and comments regarding this transaction were echoed by the entire Council.

Chair Woolley asked for any additional comments from Council members; there being none, the amended motion was read.

Motion: Val Valfre moves, with Aubre Dickson seconding, that the Housing Council approve the re-issuance of a Pass-Through Revenue Bond Financing in an amount not to exceed \$23,700,000 to SIR Columbia Knoll Associates Limited Partnership for the debt restructure of the Columbia Knoll Apartments Project. Approval is contingent upon the borrower meeting OHCS, MuniMae, Amtax Holdings 316, LLC and Pro Tech 2004B, LLC underwriting and closing criteria, documentation satisfactory to legal counsel and Treasurer’s approval for the bond sale. Approval is also contingent upon the Department’s agreement to provide a status update report to the Council regarding the progress made by the project going forward on bi-annual basis.

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

5. GHAP/HOME GRANT AWARDS FOR APPROVAL

a. Cove Avenue: 1906 Cove Ave | La Grande

Cove Avenue Apartments is a 20 unit family apartment complex located in La Grande, Oregon originally constructed in 1973. All units have HUD Section 8 PBA rental assistance. Chrisman Development Inc. acquired it in 2005 to prevent the loss the PBA units and conversion to market rate apartments. OHCS

provided funding for the project consisting of a Risk Share Loan (\$495,000), Housing Development Grant Program (HDGP) (\$142,830), Weatherization funds (\$43,000), Owner Contribution (\$89,500), and a new 30 year commitment to affordability. Due to a short time period before expiration of the HUD HAP contract, funding for a complete rehabilitation was not available and a modest rehab was performed. Current funding will address life, health, and safety issues not completed as part of the 2005 acquisition and rehabilitation. The most crucial issue is the building's aluminum electrical which poses a serious fire danger. New copper wire pigtailed to all electrical outlets, light switches, and junction boxes will be replaced. In addition replacement of current stairways, landing decking, stairway railings and replacement of poor concrete sidewalks, patios, and the asphalt parking lot. All are severely cracked and present tripping hazards throughout the property. Additionally, excess moisture and some mold growth was observed in the interior of some units during the pest and dry rot inspection. The current condition of the siding (approximately 41-years old) is the primary cause of the excess moisture. Chair Woolley asked for any questions or comments from Council members. There were no questions. Aubre Dickson recommended changing the write-up to show that land cost is actually acquisition cost. Staff made the change as requested. **[After the meeting staff discovered that the write-up should remain as written and that the amount reflected is attributed to land cost and not acquisition as noted by Dickson.]** There being no further comments or questions the motion was read.

Motion: Aubre Dickson moves, with Val Valfre seconding that Housing Council approve a HOME Grant in the amount of \$502,500 to Chrisman Development, Inc. for the rehabilitation of Cove Avenue Apartments. The award is contingent upon meeting all HOME Program requirements and conditions of award.

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

b. Quail Run: 20 Erickson Ave | Shady Cove

Quail Run is a 24 unit, two story, 4 building project serving families and seniors at or below 50% and 60% AMI. Of those, 40% are below 30% AMI and 45% are below 50% AMI. 68% of residents are seniors with 40% disabled. OHCS grant funds will be used to add a proposed 3,200 foot water line extension to Quail Run Apartments. The project has experienced water shortages due to dry wells. The Housing Authority was forced to haul bottled water to residents during water shortages. The new line will connect the project to Shady Cove Waterworks with an abundant supply from the Rogue River.

Director Van Vliet noted for Council members that this project was an example of the need to leverage resources across agencies and organizations.

Jason Elzy, Director of Development for Jackson County Housing Authority thanked the Council and Chair for considering this project. He commented that the NOFA was very timely for the Housing Authority to respond and potentially get awarded funds for the huge financial burden and life, health and safety issue.

Chair Woolley asked for any questions or comments from Council members. There being no further comments or questions the motion was read.

Motion: Mike Fieldman moves, with Aubre Dickson seconding that Housing Council members approve a GHAP Grant in an amount of \$372,000 to the Housing Authority of Jackson County to construct a water service line for Quail Run Apartments in Shady Cove, Oregon. Award is contingent upon meeting all program requirements and conditions of award.

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

c. Cypress: 700 NW Cypress St | McMinnville

Danny Gette presented this projected and proposed award for Acquisition and Rehab of one (1) single-family home consisting of three (3) bedrooms to be utilized as a group home for adults with intellectual and developmental disabilities (I/DD).

Director Van Vliet stated that this project is a nice example of cross-agency collaboration. Oregon's Department of Human Services provides the funding for services to these residents.

Val Valfre asked what the money for rehab would be going toward.

Danny Gette answered that it would be for upgrades to windows, wheelchair access and general upgrades to the bedrooms, but that primarily the funds would be used for purchasing the property. Chair Woolley asked for any questions or comments from Council members. There being no further comments or questions the motion was read.

Motion: Val Valfre moves, with Aubre Dickson seconding, to approve a HOME grant in the amount of up to \$269,444 in HOME funding and \$38,194 in GHAP funding to Oregon Mennonite Residential Services for the acquisition/rehab of The Cypress Project located in the city of McMinnville, OR. Award is contingent on meeting all program requirements and conditions of this award.

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

d. Quartz: TBD Quartz Ave | Redmond

New construction of a 3,920 square foot building with five (5) one bedroom, one bath units developed specifically for adults who have been diagnosed as having an intellectual developmental disability (I/DD) and whose incomes are at or below 30%-40% Deschutes County AMI. The land will be leased to sponsor for \$1/year.

Cost is going toward construction of the project.

Chair Woolley asked for any questions or comments from Council members. There being no further comments or questions the motion was read.

Motion: Aubre Dickson moves, with Val Valfre seconding to approve a HOME grant in the amount of up to \$450,000 to Cascade Community Development for the new construction of Quartz Avenue Apartments located in the city of Redmond, OR. Award is contingent on meeting all program requirements and conditions of this award. Award is also conditioned upon project meeting all programmatic, reservation letter, and OHCS requirements.

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

e. **New Meadows: 8701 N Dana Street | Portland**

The New Meadows model will include community-based housing for 9-18 former foster youth, ages 18-24. Housing will be provided in 14 studio units in a building located near Bridge Meadow's intergenerational housing community for adoptive parents, foster youth (under 18), and low-income elders (55+). The project will be financed without hard debt. New Avenues for Youth will be the on-site resident service provider and provide the extensive ongoing youth services program. Development funding will come from a capital campaign conducted by Bridge Meadows, including foundations, individual donors, corporations and event fundraisers.

Aubre Dickson asked with the increased number of units, how much is the increased cost associated? Staff answered that the increased cost is not known at this time.

Chair Woolley asked that the award, if approved, be contingent upon the project meeting closing requirements. Staff noted the change to the motion.

Chair Woolley asked for any questions or comments from Council members. There being no further comments or questions the motion was read.

Motion: Val Valfre moves, with Aubre Dickson seconding, that Housing Council approve a GHAP Grant in an amount of \$250,000 to Bridge Meadows for the construction of New Meadows in Portland, Oregon. As noted by Chair Woolley, the award is contingent upon meeting all GHAP program requirements and conditions of award, including raising any additional funds necessary to complete the project.

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

f. **Spruce Terrace: 840-858 Pershing Street and 641-831 Spruce Street | Mount Angel**

Spruce Terrace is a 34 unit project consisting of 17 residential buildings and 1 community building. Spruce Terrace is primarily a mix of 2 and 3 bedroom family units with two 1 bedroom units also included. Income and rent levels are at 50% of Area Median Income with the exception of the one bedroom units which are at 40% of AMI. St. Vincent de Paul Society of Lane County, Inc. (SVDP) originally completed this project in April 2002. Historically, the project has performed very well, with a very stable population and low vacancy.

In February 2010, while performing annual inspections, construction defects resulting in extensive envelope damage were discovered. The builder of Spruce Terrace had been named in multiple other construction defect lawsuits. St. Vincent de Paul Society of Lane County (SVDP) was able to obtain a judgment of approximately \$600,000 but that was not enough to cure all the issues caused by faulty construction. Repairs on 11 of the 18 buildings have received the necessary rehabilitation. SVDP is requesting \$399,413 in GHAP funds to complete the envelope repairs needed on the additional 7 buildings of Spruce Terrace.

Kristin Karle, Housing Development Director for SVDP, introduced herself and thanked the Council for their review of this project.

Chair Woolley asked what resulted in the gap in funding for repairing the construction defects.

Karle answered that after litigating the construction defects 40% of the award went to pay for the litigation itself resulting in a gap in funds to make the required repairs.

Aubre Dickson noted that this was not uncommon to find when defects are litigated.

Chair Woolley asked what company was responsible for the construction defects?

Karle answered Tri Vest Incorporated.

Dickson asked for the current occupancy rate of the project.

Karle answered that the occupancy is currently 100%.

Chair Woolley asked what the funds will go towards.

Karle answered that the funds would be covering envelope and ventilation in the seven remaining buildings so that they match the other eleven buildings.

Chair Woolley asked for any questions or comments from Council members. There being no further comments or questions the motion was read.

Motion: Aubre Dickson moves, with Val Valfre seconding, to approve a GHAP Grant in an amount of \$399,413 to St. Vincent de Paul of Lane County for the rehabilitation of Spruce Terrace Apartments in Mt. Angel, Oregon. Award is contingent upon meeting all GHAP program requirements and conditions of award.

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

g. Andrea Place: 7621 N. Portsmouth | Portland

Andrea Place is an existing single building, two story design of wood frame built in 1996. The project contains 15 beds (SRO) and is a licensed Residential Treatment Facility (RTF) for persons with severe and persistent mental illness combined with significant histories of hospitalization. The project is compatible with surrounding land uses. Commercial goods and services are nearby and mass transit is located within one-block of the complex.

Andrea Place is a Medicaid funded facility with 24/7 staffing. Current room rent is \$398 per month with additional Medicaid funding covering 5,935 square feet of common area and program space, staff space, food and commercial kitchen costs. Cascadia acquired the project in 2003. The proposed rehabilitation will address major issues with the roof and other buildings envelop components as well as additional repairs considered critical. Cascadia will capitalize a \$50,000 reserve account to address interior concerns over the next five (5) years.

Margaret Johnson, Director of Development for Cascadia Behavioral Healthcare thanked Council members. She also noted that PHB, OHCS, OHA Addictions and Mental Health demonstrated interagency collaboration on this project.

Val Valfre asked if the project was fully occupied.

Margaret Johnson answered yes.

Chair Woolley asked for any questions or comments from Council members. There being no further comments or questions the motion was read.

Motion: Val Valfre moves, with Aubre Dickson seconding to award \$400,000 in OHCS GHAP for the rehabilitation of Andrea Place. Award is contingent upon meeting all GHAP program requirements and conditions of award.

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

6. OHCS AGENCY REQUESTED BUDGET BRIEFING

Director Van Vliet provided Council members with a presentation and briefing on the status of the Agency Requested Budget. The PowerPoint presentation may be found on the Housing Council Website under meeting materials for the July 11th, 2014 meeting.

Director Van Vliet walked Council members through the timelines of organizational planning, budget planning and the upcoming legislative session in 2015. She also walked through the strategic framework developed by the Department through several processes of strategic planning, which lays out the new Vision, Mission, Unique Value, Organizational Values Reputation and 3-year Strategic Imperatives.

Mike Fieldman asked the Director about the Agency Mission and where she sees community services fitting into the overall framework since it is not called out specifically within the framework.

Director Van Vliet answered that throughout this process she and the Department have reframed the perspective about the community services derived from the Department's partners and have begun to see them as housing stabilization tools on a larger continuum of housing needs. The energy assistance, rent assistance, and variety of other programs funded by OHCS are in service to housing stabilization for low income Oregonians.

Mike Fieldman followed up with a question about where Oregon Volunteers and CASA might fit.

Director Van Vliet answered that, much like the food programs, it is likely that CASA and OR Volunteers will find a permanent place that is more suitable. Until that time though, OHCS is happy to continue to facilitate in any way that is needed.

The remainder of the presentation summarized considerations that influenced the direction of the Agency Requested Budget, a general overview of the 2015-2017 funds requested and how that compares to the 2013-2015 biennium, the policy option packages, an overview of requested positions and the FTE.

7. REPORT OF THE DIRECTOR

Director Van Vliet stated that other than the Budget Briefing she wanted to provide Council with a brief overview of the Legislative Concepts coming forward in 2015 and then she would be asking Julie Cody to come forward to present an update on the NOFA scoring committee.

Director Van Vliet provided the council with an overview of the legislative concept coming forward in 2015 noting that the Department will not move forward with a huge legislative agenda. She indicated that there is one concept for programmatic alignment, one with respect to Individual Development Accounts

and one that begins to deal with Governance. She also discussed with Council members that Key Performance measures will not change dramatically based on what the Department is proposing.

As the PowerPoint presentation indicates, the Department is recommending that two of the current key performance measures regarding construction cost and the food programs because the Department has little influence on the indicators and they are not truly helpful in terms of metrics regarding outcomes for Oregonians. There is work in progress on a potential new KPM focused on performance metrics for the Department's energy assistance programs for which the anticipated completion would be end of July 2014 if it is submitted with this year's Agency Requested Budget.

NOFA Update:

Julie Cody presented the Department's recommended make-up of the 2014 Multifamily LIHTC NOFA Scoring Committee which is to have four core team members that would review and score all LIHTC applications plus one additional member that would be assigned to review and score LIHTC applications that were associated with one of the three regions; for a total of five members for each region.

It is also recommended that the 2014 Multifamily HOME NOFA Scoring Committee consist of four members that would review and score all HOME only applications. OHCS HOME awards are only applicable in the balance of state region.

CORE TEAM MEMBERS – Review all LIHTC Applications

Julie Cody, Assistant Director Housing Finance at OHCS.

Aubre Dickson, Housing Council Member and Community Development Lender for KeyBank, experienced in affordable housing finance (specifically tax credit lending and investments)

Dani Ledezma – Governor Kitzhaber's Education Policy Advisor with a focus on equity, formerly with the Portland Housing Bureau.

Colin Rowan – a Founding member of United Fund Advisors, and has experience developing investment strategies, raising investment capital, structuring investments and loans; and serves on the Portland Housing Advisory Committee.

REGIONAL TEAM MEMBERS – Review LIHTC Applications from Assigned Region ONLY

Tom Cusack – Region TBD (Non-Metro PJ) – Former Field Office Director for HUD; created and manages the Oregon Housing Blog.

Sarah Devries – Region TBD (Balance of State) – Vice President, Acquisitions at City Real Estate Advisors, formerly an Associate at United Fund Advisors.

Michael Parkhurst – Region TBD (Metro) - Program Officer at Meyer Memorial Trust for the Affordable Housing Initiative; formerly with City of Gresham.

Mark Ellsworth - Governor's Regional Solutions Coordinator for the North Coast – **Alternate if needed due to Conflicts of Interest.**

