

## 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.

### AUGUST 1, 2014 MEETING MINUTES

#### Housing Council Members Present:

Jeana Woolley, Chair  
Tammy Baney  
Aubre Dickson  
Mike Fieldman  
Zee Koza  
Val Valfre

#### Housing Council Members Not Present:

Mayra Arreola

#### OHCS Staff Present:

Casey Bauman, Loan Specialist  
Mike Boyer, Legislative and Communications Coordinator  
Julie Cody, Program Delivery Division Administrator  
Danny Gette, Loan Specialist  
Diana Koppes, Business Operations Division Administrator  
Carol Kowash, LIHTC Manager  
Alison McIntosh, Government Relations and Communications Liaison  
Rem Nivens, Assistant Director of Public Affairs  
Tony Penrose, Loan Officer  
Teresa Pumala, Loan Officer  
Joyce Robertson, Loan Specialist

#### Guests Present:

Rey Espana, NAYA  
Julie Garver, Innovative Housing  
Tom Kemper, Housing Works  
John Miller, Oregon ON  
Jessy Olson, Guardian  
Riad Sahli, Guardian  
Michelle Silver, Silver Consulting  
Keith Wooden, Housing Works

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#### 1. Call to Order and Roll Call

**Chair Woolley** calls the August 1, 2014 meeting to order at 9:02 a.m.

**Chair Woolley** asks for roll call. Present: Tammy Baney, Aubre Dickson Mike Fieldman, Zee Koza, Val Valfre and Chair Woolley.

2. **Public Comment**

**John Miller**, Oregon ON commented that the Affordability Balance Choice (ABC) committee took inclusionary zoning off the table at the first meeting. He asked the Council to send a letter to Representatives Parrish and Reardon asking them to bring back inclusionary zoning as an issue that should be considered within the ABC committee process.

**Tammy Baney** commented that projects needed to pencil out for private sector partners .

3. **Approval of Housing Council Meeting Minutes – July 11<sup>th</sup>**

**Chair Woolley** requested a motion to approve the July 11<sup>th</sup>, 2014 meeting minutes with corrections provided by Council members. The motion was read:

**Motion:** Aubre Dickson moved and Val Valfre seconds that the Housing Council approve the July 11<sup>th</sup>, 2014 meeting minutes.

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

4. **Portfolio Refinance for Approval**

**Casey Bauman** summarized the proposed Revera refinance project that consists of seven separate assisted living facilities and is currently financed using OHCS Elderly and Disabled Bonds. The proposal is for the early redemption and repayment of existing Elderly and Disabled Bonds, and to issue new taxable bonds in the amount of \$24M, using terms that are more in line with the current debt market and an additional five years of affordability. Interest rate reductions with the new loan will range from 2.48% to 4.13%. Bauman recommended approval of the refinance.

**Chair Woolley** asked Council members if there were any questions

**Val Valfre** asked what the proportion of out of pocket was versus the \$3.25M going towards future upgrades and what those upgrades would include.

**Casey Bauman** replied the out of pocket amount is \$6.8M.

**Michelle Silver** added the upgrades include general maintenance and capital improvements.

**Chair Woolley** called for any further discussion, there being none a motion was requested.

**Motion:** Val Valfre moves and Aubre Dickson seconds to approve the issuance of new Taxable Bonds in an amount not to exceed \$24,000,000 to seven individual owner Limited Partnerships, jointly and severally inseparably libel, which will be used for the early redemption and repayment of existing Elderly and Disabled Bonds. Approval is contingent upon the borrower meeting OHCS and Capital One underwriting and closing criteria, documentation satisfactory to legal counsel, and Treasurer's approval for the bond sale.

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

5. **Conduit Bond Award for Approval**

**Teresa Pumala** summarized the project improvements for the Erickson Saloon and the Fritz Hotel. The proposed project consists of two contiguous, three-story buildings which will be fully combined and converted into a single, three-story, low-rise property following rehabilitation. It will contain 62 units (52 affordable and 10 market rate), including 39 studio and 23 one-bedroom units. Unit sizes are small and considered “urban studios” or “micro-apartments”. Studios range from 302 to 421 square feet and one-bedroom units range from 360 to 609 square feet.

**Val Valfre** commented that this looks like a really interesting project and is pleased with the idea.

**Aubre Dickson** asked if deferred developer fee (close to \$1M) would pay off in 12 years. **Julie Garver** said the investor has calculations that they will pay it off in 12 years.

**Aubre Dickson** asked what the market study indicated as the absorption rate? **Julie Garver** said the market study found that it was about 30 units per month.

**Aubre Dickson** noticed lead based point and asbestos in the building and asked what the cost for remediation would be and what the hard cost contingency would be. **Julie Garver** said the hard cost contingency is 10% (approximately \$750,000) and abatement costs have been verified and estimated by the abatement contractor.

**Chair Woolley** asked about the architectural exception what is the standard and what are we accepting?

**Teresa Pumala** said the exception was for the minimum size of unit square footage. Our minimum on studio is 350 square feet. Market study supported the small square footage units.

**Chair Woolley** called for any further discussion, there being none a motion was requested.

**Motion:** Tammy Baney moves and Val Valfre seconds to approve a Pass-Through Revenue Bond Financing in an amount not to exceed \$8,600,000 to Erickson Housing Limited Partnership for the acquisition and rehabilitation of Erickson Fritz Apartments, subject to borrower meeting OHCS, Wells Fargo, NOAH, Portland Housing Bureau and Raymond James Tax Credit Fund Inc. underwriting and closing criteria, documentation satisfactory to legal counsel and Treasurer approval for the bond sale.

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

6. **Subsequent NOFA Awards**

- a. **HOME Grant Award for Approval: *Eastlake Village II and Aspen Villas***

August 1<sup>st</sup>, 2014- Meeting Minutes

**Danny Gette** introduced Eastlake Village II, a new construction project and Aspen Villas, a rehabilitation project. These properties will be combined into one financing structure under Paulina Peak Partners LLC.

**Val Valfre** asked if the project based VASH vouchers were already approved by HUD?

**Tom Kemper** replied they have the vouchers, but they still need to project base them.

**Aubre Dickson** asked about the two transitional housing units and if they are intending to have them project based or tenant based vouchers. Danny Gette responded by saying Neighbor Impact has the funding for that rental subsidy so they will be providing the subsidy for those two units along with the supportive services.

**Aubre Dickson** followed up by asking if the services were fee based or was Families Forward charging for services.

**Tom Kemper** said the services for the transitional units will be provided by Neighbor Impact. Families Forwards is an affiliate of Housing Works and primarily funded with tenant fees that all of their projects pay.

**Aubre Dickson** asked if there was one loan to cover both projects.

**Tom Kemper** confirmed that it was one loan secured by both properties.

**Aubre Dickson** asked about the conversion requirements for the project.

**Tom Kemper** said the conversion requirement is 1.2 debt service coverage ratio (DCR).

**Tammy Baney** commented that she is grateful for this project and excited for its future.

**Chair Woolly** stated that the motion should reflect that it is contingent on the permanent loan approval and securing the rest of the funding.

**Tom Kemper** responded that they have a conditional commitment letter and received commitment from PNC and expected to close this transaction by the end of September, begin construction in October, and have units available by late spring or early summer.

**Motion:** Tammy Baney moves and Mike Fieldman seconds to approve a HOME grant in the amount of up to \$553,555 to Housing Works for the new construction of East Lake Village II (Bend) and acquisition/rehab Aspen Villas (Redmond). The award is contingent on securing permanent loan approval and additional funding.

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

**b. Other awards for presentation and information purposes**

**Village East Apartments**

**Tony Penrose** introduced the 42-unit family Section 8 Village East Apartments. Rents are subsidized to all residents but are at risk of losing the Section 8 contract. The property was acquired in 2012 by Guardian Development LLC due to owner transfer and HUD contract expiration. The current contract is year by year with a 20 year contract conversion at LIHTC closing. Previous owner's lack of reinvestment left Village East with failing roofs, leaking windows; mold and pest/dry rot issues. Most units have interior components which have not been replaced since the original construction in 1981, including carpets and vinyl. Residents are exposed to health risk due to water and interior mold issues.

**Aubre Dickson** asked about secondary debt.

**Riad Sahli** replied that they are looking at one loan from potentially NOAH or another lender.

**Aubre Dickson** asked what resident services would be provided.

**Riad Sahli** said they would be partnering with Cornerstone to provide nutrition services, job and educational opportunities.

**Val Valfre** asked about the water intrusion/mold issues and if there is relocation plan in place.

**Riad Sahli** replied that mold is the biggest unknown but it's possible that the mold is isolated to the attic space. Sahli believes the budget for mold remediation is adequate, but also mentioned that there is a 10% hard cost contingency. Sahli anticipates a 10-13 day relocation period, moving people into hotels in the Eugene/Springfield area. There is a budget for the relocation; however, Sahli is also exploring an option that would allow residents to stay in their units during upgrades.

**NAYA Generations**

**Joyce Robertson** introduced the NAYA Generations plan to replace the obsolete Foster Elementary School, a 3.5 acre parcel in the Lents neighborhood in SE Portland, secured through a long term lease agreement between Portland Public Schools, the City of Portland and NAYA. The project will be culturally specific, open to all, and will serve some of the Native community's most vulnerable and valuable members, early learners, elders, working families, and children in foster care. NAYA Generations will be an Intergenerational Housing Community including 40 units affordable housing for seniors and families looking to adopt or permanently place children out of the foster system. There will also be an Early Learning Center offering early childhood learning to children aged zero to five and a community Longhouse offering wrap-around services including a Community Health Clinic.

**Rey Espana** added that the project aims to address the disproportionate number of Native American and African American children in the foster system.

**Aubre Dickson** asked who was the permanent lender and if the debt coverage ratio (DCR) was accurate. **Jessy Olson** responded saying they are looking at several lenders right now including NOAH, Capital Pacific Bank and Chase Bank. The DCR is 1.3 at this point.

**Aubre Dickson** asked about the two units that are at 60% are you anticipating tenant based vouchers? **Jessy Olson** replied that they do not anticipate project based vouchers but they do anticipate a handful of tenant based vouchers.

7. Report of the Director

**Julie Cody** provided the Council with an update on the current NOFA process. Applications are due on August 15<sup>th</sup> and anticipate 30 total applications for Low Income Housing Tax Credit (LIHTC) and HOME funded projects. We have reached out to external scoring committee members and they have all agreed to participate. At the November Council meeting we will announce the results of the competitive scoring process and seek your approval on a number of transactions.

**Mike Fieldman** asked for information on the expected timeframe for 2015 NOFA and application process.

**Julie Cody** responded that the plan is to release applications for the 2015 round in late January or early February, with recommendations to State Housing Council for approval in June or July of 2015.

**Julie Cody** also mentioned OHCS has collected two quarters of proceeds from the document recording fee for veterans, noting that collection levels are lower than anticipated. The agency is working on program development, which may include a down payment assistance program, home adaptability for veterans returning with disabilities, and a mortgage payment assistance program for returning unemployed veterans.

**Mike Fieldman** asked for a document recording fee update at the CAPO meeting next week.

**Tammy Baney** asked for an update on the ten year plan to end homelessness and the state's role from the department at the next meeting.

8. Report of the Chair

None

9. Adjourn State Housing Council Meeting

**Chair Woolley** asked if there was any additional business or comment from Council members, there being none, she thanked everyone for their participation and the meeting was adjourned at 10:04 a.m



10/3/2014

Jeana Woolley, Chair  
Oregon State Housing Council

Date



10/3/2014

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

Date