



**MEETING MINUTES
HOUSING ADVISORY COMMITTEE OF WASHINGTON COUNTY
REAL ESTATE SUBCOMMITTEE
May 8, 2020, 9:00 a.m.**

MS Teams Teleconference

<u>COMMITTEE MEMBERS PRESENT</u>	<u>STAFF PRESENT</u>
Katherine Galian (Chair)	Komi Kalevor, Executive Director
Ben Sturtz	Yaling Huang-Dressel, Housing Controller
Sheila Greenlaw-Fink	Melisa Dailey, Housing Program Coordinator
Vince Chiotti	Gary Calvert, Asset Manager
Sid Scott	Josh Crites, Assistant Director
	Shannon Wilson, Housing Development Coordinator
	Annette Evans, Homeless Program Manager
	Liz Morris, HCV Manager
	Emily Nichols, Program Coordinator
<u>ABSENT</u>	
NA	

I. ROLL CALL – 9:05 a.m.

II. DISCUSSION - ORAL COMMUNICATIONS & MEMBER UPDATES

ORAL COMMUNICATIONS

Sheila said most projects currently in process are moving forward. She has heard of lower pricing, but all the market reports say they don't know what the future holds for housing construction and finance.

Ben said deals are closing in 2020, and prices are holding, although he has decreased his tax credit pricing to \$0.92 from \$1.00 and is hearing that may not be low enough. There is an appetite for CRA investors. There is no 4% fixed rate, it dropped to 3.08%, so equity is down and financing gaps are larger. He is not seeing construction estimates come down enough to make up for that gap. Sid asked if he's seeing price estimates drop? Ben says no, mostly stabilizing. Ben thinks the dramatic effect will be on minority and women-owned businesses. There is a long-term expectation for contractor pricing to come down but not in 2020.

Sid thinks we're a year from seeing the COVID impact. He agrees the minority and women-owned businesses will see negative effects and it will be harder to meet grant

criteria of using these businesses. Ben thinks a challenge will be materials; sourcing has gotten more difficult. Sid is seeing supply-chain issues, too.

Sheila asked about change order approvals from OHCS or investors, and Sid said this isn't happening yet. Sid is seeing construction progressing more slowly. The immediate impact of slowing is going to add cost to general conditions due to delays in the next year or two. Sheila is wondering who takes the brunt of those cost effects. Ben said the contractors have been great about going back to contracts to see how to add the delays. His internal legal team is more involved. BRIDGE still insists on on-site meetings, not just over the computer. Sid is hearing of contract changes based on "acts of God" i.e. things beyond our control.

Ben has a 2-month delay on one project, and the delays haven't been formalized. There have not been delays for their California projects. In-house council makes sure folks adhere to contracts.

Sheila felt like there was a rush to close projects when the pandemic happened; she now questions if the big impact is once projects start. Sheila said these extra HAC subcommittee calls were initiated due to the interrelatedness of PBVs and bond projects, and to ensure the Washington County pipeline of affordable housing. This is such a broad set of issues, and she is not sure what is most critical.

Katherine is hoping to hear about rent collections and more immediate needs and keeping properties and people whole, as well as longer term needs. Her big question is how are rent collections looking for May since April was surprisingly better than expected.

Ben has heard people are late on their rents but it's hard to assess until mid-month. Josh will have the Housing Authority rent collection numbers by the end of today and agreed the end of month is better for a full picture. Katherine has gotten 1,700 calls for rental assistance over the last eight days. Community Action normally sees big spikes this time of month and are now seeing people 1-2 months behind on payments. Two hundred appointments are available this month and that is not enough to assist everyone who needs help. This is without the new funds from local and private/foundations – these are not available for Community Action to allocate yet.

Sheila asked if the funds received by Community Action can be used regardless of immigration status? Katherine said yes, immigration status does not matter. Sheila said a distressing thing is that in the beginning there was a lot of churning and bad info, and since then the CARES money has come in, and it feels like action is happening. Katherine said more people are understanding the rent will come due; the biggest challenge is that the CARES funding is here and it's not available yet, so people are confused and frustrated by that. A KATU Channel 2 reporter was outside Community Action's office saying they had \$8.0 M so that creates a challenge for the community and staff. They did not receive \$8.0 M!

Komi said three weeks ago things seemed gloomy and it's not as bad now as projected. Is that a fair statement? Sheila said it's possible unemployment happened later, and Katherine thinks people got their relief checks and are taking care of their bills. Katherine is still anticipating big waves of big bills being due for people.

Vince asked if market rate rents are stabilizing? Ben said it seems rents are coming back to 60-80% MFI rents. He has not heard of new construction of market rate units. Vince suggests working with funders and staying flexible with the income range the new units will serve; flexibility is not the strong suit of HUD and bigger agencies. Sheila said if we build 60% units we'll be where we were for a long time. Ben thinks we can distinguish affordable housing as providing 50% units, but he has a hard time making 4% deals work with the gap created by 50% units. Vince said we want to serve as low as we can AND build a ton of units, but we leave thousands of units off the table when building for 30% MFI.

Sheila asked what Metro is saying about potential/upcoming Metro bond projects. Shannon said there have not been conversations about changing the 30% and 60% requirements. PHB has been working on their Portland bond; not a lot of conversation about changing requirements. The bond has 30% and 60% requirements, but 50% units still count toward 60% units. Ben said it's infinitely harder to make 30% MFI units work than it was a few months ago. Sheila asks if we should delay putting out the Metro bond applications or keep going then address financial gaps later? Will pricing estimates and sourcing not be well informed? Reviewers will be able to see when application assumptions are off. It's just harder to predict in this environment.

Katherine says it's scary to hear of building fewer 30% units; Community Action sees that the 30% units are really needed. Community Action fills the rent gap for 50% MFI tenants, but that's not sustainable. Is there something we can do at the local level to make it more feasible to build the 30% units that are desperately needed?

Ben said "yes" by making PBVs available for those units. They also need ongoing service dollars for the 30% units which equates to a full-time staff person for a front desk position. But, he said there is no local way since it takes billions of dollars. This is a national issue. The national housing budget has been cut for the last 40 years. No city has figured out how to solve this. To fix it will take a national effort. Quadrupling property taxes will not happen to pay for homeless services.

Sheila said long term administrative funds are different than an upfront funding gap, so these are two different issues.

Sheila asked if the group feels good about what we can do in Washington County?

Josh said with PBVs, Washington County is interesting since the market has tightened so much because the market continues to increase. The Housing Authority does not get new vouchers "all of a sudden", and instead HAWC has to let vouchers attrition from the tenant-based program. Ballot Measure 26-210 for Supportive Housing Services will go to voters in a few weeks, and a good deal of the funds will go to rental assistance but it will look different than investors are used to, and the question is how to package these funds in a way so investors will be comfortable. The Metro bond projects will have to dip into the ballot measure money to meet some of the 30% goals. Ballot Measure 26-210 is polling at 56% approval, so he's hearing good numbers.

Ben said some PBVs have lower payment standards and he appreciates Washington County's are at the maximum rent; Josh said the lower payment standards are at MTW (Moving To Work) agencies. Ben also said project costs increase if you choose to use more than eight vouchers since that enacts Davis-Bacon construction wages.

Komi introduced the portfolio rehab and said the Housing Authority does not have the up-front cash to address 10 years of critical needs for the Housing Authority portfolio.

Josh said our affordable housing portfolio needs to be pointed in the right direction. He is working with Cascade on 6-7 of the buildings that are collateralized with a County bond. Housing Services has internal staff working on the Metro Bond, so we are going outside with an RFP. We do not have a choice; we have to work on these property updates. The RFP went out on 5/5, it's advertised in traditional networks and we also asked partners to get the word out. Ben asked if we want skills in both construction management and finance, and Josh said yes.

Sheila asked about new CNAs to come up with updated numbers since the values seem low. Josh said yes, the values are low. When we dig in, we will find a lot more needs, especially at Bonita Villa which has significant needs. We will have to dig deeper.

Sid asked if staff can send the CNAs out? Staff will look into it. Sheila said it can be a liability to make the full needs of older projects known.

Komi explained that we took the three projects out of the County's bonded portfolio in order to access additional funding such as LIHTCs. Ling explained Bonita also has a HOME loan. Josh said we are addressing immediate safety needs and exploring options to bring new resources to these properties.

Ben asked if we are prepared to address rent increases? Josh said there is room for rent growth since these projects are below market rents. We will slowly start edging rents up while being cognizant of tenants, although COVID threw a wrench in that.

IX. ADJOURNMENT

Meeting adjourned at 9:54 a.m.

Komi Kalevor
Secretary/Executive Director