



CITY OF BEND

Minutes

Affordable Housing Advisory Committee

2:05 PM, Wednesday, May 13, 2020

Meeting will be convened online via WebEx due to COVID-19 concerns.

Staff Liaisons: Lynne McConnell and Racheal Baker

Roll Call: Cindy King, Keith Wooden, Kathy Austin, Priscilla Buck via phone, David Haines, Matt Martino, Ian Schmidt, Alison Hohengarten

Councilors: Barbara Campbell, Justin Livingston

- **Meeting logistics**

Lynne McConnell covered meeting logistics. Meeting will be recorded.

- **Public comments**

Comments were received via email. Summary:

Three of the four public comments request CDBG funds be allocated for Covid-19 related (1) rental assistance, (2) assistance to culturally specific populations, and (3) relief to businesses. The fourth public comment requested that affordable multifamily developments provide minimal amenities to save expenses and build the most affordable housing possible. 2 comments to Council against SDC exemptions for Wishcamper properties.

- **Conflict of Interest Declarations**

For both SDC and funding:

Priscilla Buck – no conflicts

Matt Martino – potential conflict as works for a bank who may do business with organization in future.

Keith Wooden – potential with KOR as Housing Works is a potential partner

Kathy Austin – no conflicts

Ian Schmidt – no conflicts

Alison Hohengarten – potential with KOR, her law firm has represented in past. None for her personally.

David Haines – no conflict – one potential only if his firm employed someone

Cindy King – due to her realty license.

- **SDC exemption: Stillwater Crossing, Parkview Commons**

Lynne McConnell – two applicants.

Wishcamper is new to area. Could be largest affordable housing project in Bend to date. 240 units. Is included in an urban renewal area. Does meet criteria for SDC exemption. Offices are in Portland. Company does affordable housing only. Need SDC waiver and tax exemption. 100% of units are affordable.

Kathy Austin: where are you in tax exemption process? Response: received approval from City and from School Board so far.

Wishcamper Development Partners – Stillwater Crossing

240 units (multifamily)

Water: n/a (Avion)

Sewer: \$939,072.00

Transportation: \$1,172,080.00

Parks: \$1,346,260.00

Total: \$14,405.88 per unit

Total for development: \$3,457,412

Parks: \$1,346,260

Lynne McConnell – second phase of Canal Commons is called Parkview Commons. A bit different of a ask. We ask applicants to wait until fiscal year that are pulling benefits because of the cap on units by Parks. Decided to bring early due to NOFA. Will provide additional points for committed funding. If they don't get funded, we are making conditional in case Parks does not remove cap. Will last through tax funding announcements. City Council believes strongly in affordable housing and will ask Parks for more if needed. Meets requirements for exemption.

Councilor Campbell: She agrees. Council is interested in continuing to build affordable housing. In last down turn, most if not all multifamily building, the City's Affordable Housing Fund was the largest lender. Also ability to support construction trade.

Councilor Livingston: At next Council meeting, he intends to ask Parks for more units or wholly remove cap.

Pacific Crest Affordable Housing – Parkview Commons

48 units (multifamily)

Water: \$47,171.00

Sewer: \$187,814.40

Transportation: \$236,016.00

Parks: \$270,912.00

Total: \$15,456.53 per unit

Total for development: \$741,913.40

Parks: \$270,912.00

Question asked of how many have been exempted. Response: 28 units will be left under cap.

Motions:

I move to exempt Wishcamper Development Partners' Stillwater Crossing development from pending current City of Bend and Bend Park and Recreation District System Development Charges of \$3,457,412, and to authorize staff to take all actions necessary to complete such exemptions, including signing loan agreements and related documents, without further approval. Matt Martino made motion. Priscilla Buck seconded. Matt Martino – yes, Keith Wooden - yes, Kathy Austin - yes, Ian Schmidt - yes, Alison Hohengarten - yes, David Haines - yes, Priscilla Buck - yes, Cindy King - yes. All in favor.

I move to conditionally exempt Pacific Crest Affordable Housing's Parkview Commons from pending City of Bend and Bend Park and Recreation District System Development Charges of \$741,913.40 as long as Parkview Commons is awarded financing by Oregon Housing and Community Services Department by July, 2020. If

Parkview Commons is not awarded financing by July, 2020, then these SDC exemptions shall become available to other developers, and Pacific Crest Affordable Housing may return to AHAC to reapply once financing is secured. Matt Martino made motion. Priscilla Buck seconded. Matt Martino – yes, Keith Wooden - yes, Kathy Austin - yes, Ian Schmidt - yes, Alison Hohengarten - yes, David Haines - yes, Priscilla Buck - yes, Cindy King - yes. All in favor.

- **Application overview**

5 minutes with 5 minute Q&A. Focusing today on Affordable Housing Funding (AHF). 7 proposals for AHF. CDBG next meeting. \$500,000 for AHF. \$800,000 for CDBG. CARES Act added an additional \$290k in additional funding and removed cap on services. Must be linked to COVID-19 (increased needs) also does not allow a duplication of benefits. Lynne – construction will be part of recovery effort. AHF – if chose to make recommendations today, fine. Do not move forward with CDBG.

- **Applicant presentations and Q&A – Affordable Housing Fund and CDBG program**

Habitat – Mellissa Kamanya

\$200,000 for land acquisition which is their biggest challenge. For 2 parcels, they are ready to proceed. Have contracts contingent on funding. Would create 2 additional affordable homes. No LIFT funding or land lease for these. First at 2350 NE Purcell. Will be 4th home near Indigo Lane. \$95,000. Second property on Logan. \$105,000. Potential for a 4 bedroom. End of next fiscal year 21/22.

Kathy Austin: do you have other properties that are ready to build?

Response: 5 parcels of land in queue to build. Will result in 32 homes. If you don't get funding, do you have other options? Response: Won't proceed for these properties. ReStore has been closed since mid March. Would owners of properties consider extending holding properties? Response: Doesn't know. Cindy King said that they used terminology of a grant in application. Response: Incorrect. Intended to be a loan.

CDBG - \$150,000 in funding for down payment assistance for Northwest cottages for 6 families. 3 had downpayment funding awarded last year. Use on or before June 30, 2021. Development site improvements are complete. COVID impacts – schedule flexible but with forward motion. Had to close sites to volunteers. Pushed schedule out 3 months. Family selections were put on hold. Will need to re-evaluate financial qualifications.

Bethlehem Inn – Gwenn Wysling \$74,406

Applied for both AHF and CDBG.

Shelter Safety and Security – applied to both funds for same project. Letters of support for why wardrobes are important included from NeighborImpact, faith and business community. 40,000 bed nights in 2019. Only half year in new building.

Bethlehem Inn uses a HUD defined self sufficiency matrix. Assessment of 7 domains: Housing, Employment, Income, Health Coverage, Mental Health,

Safety, Wellbeing.

COVID related sanitation. Have purchased one-third. This will help purchase the rest.

Cindy asked why there were \$1,000 a piece. Response: Industrial/commercial strength. Went through state procurement processes. Long term investment.

Alison – loan or grant? Response: Loan but not required to pay back as long as they remain a shelter.

Kathy – some already in, correct? Response: yes, funding delayed due to COVID. Rooms need to be orderly to protect residents and staff.

Matt – had financing secured. Is it delayed or cancelled? Response: Not guaranteed. Does not seem to be available. Is there a plan C? Response: Continue to apply and look for all sources can find.

Cindy – will there be a delay due to COVID. Response: No just a matter of shipping.

Building Partners – Woodside Court \$75,000 Tim Knopp, Mandy Weidman

60 lot affordable housing development. 80% AMI and below. Home ownership. 6.39 acres. Workforce housing. Zoned RL. Need zone change and entitlement. Have existing roads and bike lanes around property. Street connection to Country Club. Infrastructure next year. Will need funding for infrastructure. Not looking to develop housing themselves, instead will partner with others.

Kathy Austin: Has lot pattern changed from previous presentations?

Response: Not specifically. Part of reason taking so long – working with neighbors who want single family homes. Have 8 single family lots as buffer. Question on affordable of single family home lots? Likely will sell lots at market. \$200-\$235,000 for lots. Are you moving along well with entitlement? Response: Yes, getting close to applying to City, hopefully in June. Infrastructure next year. Finished lots the next year.

Cindy King: In proposal, land development costs were from 2016. Have numbers changed? Response: Probably comparable. 10-20% potential rise in costs. Question about affordability period? Response: 20-30 year affordable housing commitment.

Alison Hohengarten: how much remaining funds are still pending?

Response: Phase 1 to get to entitlement. Phase 2 infrastructure development. Sources of funding: potential sale of single family lots, partnerships.

Council on Aging of Central Oregon – Kathy Schroeder \$47,860

CBDG request – kitchen equipment. They are the area agency for Deschutes County. They provide Meal on Wheels and community lunches plus other services. Due to COVID – past two months, increased Meals on Wheels deliveries by 23%. They are accepting all new applicants. Tripled grab and

go lunches (in place of community lunches). Gave out 200 meals today. Stocked a commissary and began delivering pantry staples, pet food, and hygiene supplies. Provide shelf-stable meal kits with 5 full meals in case of service interruption to Meals on Wheels clients. Publicized services. Working with community partners.

Even if community opens up, older vulnerable adults will need to continue to shelter. 1 in 5 in the area is a senior. Bend High Kitchen is being remodeled so food is not as available. To be a reliable source of food, they need to augment their kitchen. Remodel kitchen and hire a chef. Today's request is for equipment.

82,000 Meals on Wheels and 40,000 lunches last year.

Councilor Campbell: has been hearing in news so many issues with supply chains. Answer: schools have been an incredibly helpful partner. Volunteer kitchen was shut down so they turned to schools. Would continue to work with them but due to closure of commissary over the summer, they have turned to caterers and restaurants and grocery stores. Need 230 packaged in mornings. Have been turned down. Trying to bring food preparation in house.

Central Oregon Veterans Village Erik Tobiason, Kathy Skidmore

First request for funding. \$100,000 loan for construction of homeless shelter for veterans. Low barrier shelter. 60-80 veterans in last point-in-time count. Now have 5 beds in community. Transitional shelter, 15 small shelters with community building. COVO will provide on-site services. Public private partnership with City of Bend, Deschutes County, Bend Heroes Foundation and COVO.

Key is wrap around services provided by COVO. 8:00 am-8:00 pm 7 days per week. Health care, behavioral health, financial counseling, job training, housing placement. On Poe Sholes near Sheriff's office. 15 shelters immediately expand to 30. Asking for half of cost for community building which would include kitchen, dining, showers, laundry, and community area in 3,000 sf.

Grounds, garden, landscaped pathways, parking, fenced and gated. Budget \$730,000. Project plan is to start as soon as possible. Need code changes done prior. September 2021. Will evaluate and measure success.

Kathy Austin – question about showers. Response: They will be gender neutral. Showers are lockable. Plan for testing veterans for Covid-19. March 2021 will be when moving in. Would work with County Health which is next door. Would need to put in provisions in community building of course. What is plan/timing for expansion? Response: Looking at a year, end of year two. Watching Clackamas time line. Another place had veterans help with construction. Maybe help build next stage. Idea from J Bar J. Have a partnership with them.

Keith Wooden – site control didn't seem solid in application. Do you have any agreements in place? Where does it stand right now? You don't currently own site. Do you have an agreement with County? Response: Started working with County early on. Have an agreement to do an agreement. Proposed a 10 year lease. Kicked off an MOU and then Covid-19 happened. MOU is still under development. Commitment for project from Commissioners.

Cindy - how quickly can it become operational? Response: 90 days from funding and entitlements. Already have veterans identified. Have looked at provisional structures to get done before winter. Shelters could be built in matter of days. Could use modular unit for community building in meantime.

KOR Land Trust Amy Warren – CDBG. Land acquisition.

Goal is a new project every 12-18 months. Not an immediate need. Long term need will result from Covid-19. Hurita and 8th Street are moving forward. If excess funds, send her way but she encourages AHAC to fund immediate need non-profits.

Kathy Austin – thank Amy for generosity.

Alison Hohengarten – echo what Kathy said. No parcel identified at this time? Response - correct.

Pacific Crest Affordable Housing – Canal Commons 2, John Gilbert
\$400,000, 5 acres, 2 remaining parcels left.

2 buildings one on each parcel for a total of 48 apartments. If include phase 1, a total of 96. Population: family and workforce. Affordable 50% AMI rent, Income 60%. Architecture is same. Whole thing will now be called Canal Commons, buildings will be lettered. Will look like one project. Common building will serve for both phases. 3 and 2 bedroom units. 1 bedrooms facing each other. Will have solar panels. Also solar thermal panels. \$15 million dollar project. Why now? Expect construction will start January 2021. Expect occupancy January 2022. OHCS has created new categories. Thinks there are only 2 applications including theirs. Phase 1 complete November 2020. Team will be same as Phase 1. Roll into immediately. Immediate approval would help application.

Kathy Austin: what will happen if don't get full funding? Response: PCAH putting in \$410,000. Tax credit investors are time sensitive. Would be induced to pay more for tax credit. One third of developer fees is back ended. Can go forward but would be painful. There is a line. Lynne: City sells land for cost. Response: Putting in water line cost a lot of money. \$115,000 for Phase 2. Also Phase 1 road extension.

Penn Street Duplex – Kinetic Resources, Steve Rzonca.

Special needs and affordable income duplex. Already done preliminary site review and preapp. Ready to go. Already owns property. \$110,000 from AHF. Two story duplex consisting of 2 one-bedroom apartments. In Central Core District. 2 price points. 50% AMI and lower, 80% AMI for upper unit. Will keep in residential plan review. Steve is personally funding any

difference from City funds. Does it on his own. Is his passion. On Penn Street near 4th. Near stores. No need for car. Uses management company.

Alison Hohengarten: Funding terms – loan 30 year 1% but 0% would be fine.

Ian Schmidt: would project continue if you receive no funding? Response: Project would move forward but would take a different business model. Would have to make up short fall with increased rent. Would likely not be affordable. Steve – infill is what he is interested in doing.

Cindy King: deed restrictions? Response: Loan with City requires it to be rented at a certain AMI. If not, is due and payable.

Kathy Austin: Given changes to Central Core, in eliminating parking, will it give you an edge in terms of cost of project. Response: unit for special needs will likely not have a vehicle based on experience. If does have vehicle, will need to use street parking. It makes it more affordable to build. Will not allow two curb cuts.

Wishcamper - Stillwater Crossing, Tyson O’Connell, \$500,000

Chose Bend due to great need for affordable housing and they have resources to get out. Want to do 240 units because it is badly needed. Helps with Council’s Housing goal of 3,000. Project schedule: Construction: August 2020 – February 2022. 7 phases. First occupancy: June 2021. Application approved by City. 80% of bids obtained. Fast track of projects. \$2,000 per unit for their request. Leveraging in a major way. \$32 million loan. Massive amount of risk. Gap has continued to grow. All other funds committed. Deferring fee.

Keith Wooden: on paper application is compelling. What is biggest obstacle left? What makes you nervous? Response: aren’t a lot of things that make him nervous rather than the unknown climate with Covid-19. Spreads have widened with loans. That is the reason he had to apply for \$500,000. Increased 50 basis points. Believes in project. Believes in Bend. Project is badly needed. Have pricing commitments. No benefit in waiting.

Kathy Austin: concerned that is on 97 and additional pollution loads. Anything for fresh air? Response: Yes, on east side of buildings, more sound proofing. They do a lot of work regarding indoor air quality. No carpets. Low off-gassing compounds, however do where ever located.

Cindy King: affordability period up to 30 years. Is there an option to extend? Developer fee, how does it compare to industry 11% of costs. Response: developer fees are capped and regulated based on 9% or 4% projects. They are in line. Are higher on deferred developer fee due to increases in rates. Committed to 30 years.

- **Committee deliberations**

Matt - Huge ask with small amount of money. Need to make sure is feasible.

Kathy – wants bang for buck. A lot of units. 2 different ways to look at. Worthy for her. Veterans Village is close to her heart. Sees PCAH and Wishcamper being close. If divide by units, would equal \$1,736 per unit to give. \$83,328 for PCAH, \$416,640 for Wishcamper. Most ready to go. Kathy said this is to start discussion.

Priscilla – her thinking is along the same lines. Only hesitation with Wishcamper is she would like to talk City that has done project with them. Number of units and timeliness.

Keith – follows logic. Wishcamper is so much further ahead than PCAH. Wishcamper will start building in August. PCAH still need to win funding and do more design. Agrees with splits if projects were equal. PCAH is not putting in deferred money. Skin in game is less. Deceiving due to financing. 4% deals harder to get done. \$100,000 more in price per unit. He would give some to Pacific Crest to help in application process. Can give them anything to help with scoring. Other projects are way out or few units.

Alison – do SDC exemptions play into anything? Is there any relationship? Matt – we see SDC requests on all projects. Timing is based on how ready they are.

Kathy – appreciate Keith's knowledge. Doesn't want to slight PCAH. Feels it is fairest way of going.

Ian – highest and best goal is in how we can move state of affordable housing forward. One proposal was so far ahead in units and cost to the City per unit. Want to maximize units and lowest cost as possible. Wishcamper does have a track record. Appreciates what others are trying to do but there are obstacles. Strong majority of funding to Wishcamper.

David – at end of day, goal is units especially with amount of money. More units is his north star. Wishcamper is leader. Other projects aren't at that level.

Councilor Campbell: has some information to share about Veteran's Village. Time to get off ground and control of site. Group working on is State Representatives, City, and County Commissioners.

Cindy – main issue with property is that site is not secured. Only have an agreement to agree. Not solid enough for Committee.

Cindy to summarize. Committee has narrowed down to two.

Alison is using point system. Also sees Building Partners getting developable lots. Needs confirmation that okay on allocating different amounts than asked.

Cindy – thinks PCAH would still move forward. Building Partners still have things to work on. Spread money to promote housing.

Alison – feels should give something to PCAH for application. Worries of no local track record for Wishcamper.

David – Regarding Wishcamper being new, he brought up KOR. Lack of track record model made sense. Hasn't stopped us before.

Cindy – Wishcamper has done a lot of development in other areas. Has talked to City staff and been working with them. They are doing for the right reasons.

Lynne mentioned that the back end work that Racheal and Lynne do is comprehensive. We build in safeguards. This is part of process.

Matt – if going to align ourselves with what City has tasked us to do. 9.36% of 3,000 units. One is shovel ready. PCAH and Wishcamper. \$400,000 to Wishcamper and \$100,000 to PCAH. Can throw on balance sheets and work with.

Cindy – she also has those numbers. Kathy is fine. Matt likes whole numbers. Matt extremely impressed with Wishcamper. They do have a track record. Cool that they have attracted that sort of attention. Hopes they don't over shadow local developers in future.

Priscilla – reassured about vetting applicants. We can defend allocations and don't get surprises. Be sensitive that is a very large award for someone outside of community. Need to be able to articulate decision. Is comfortable with \$400k/\$100k.

Matt Martino moved to recommend that we allocate PCAH \$100,000 and Wishcamper \$400,000 out of the \$500,000 available. Kathy Austin seconded. Alison Hohengarten said \$200k/300k. Priscilla said she would not support change. Vote on Matt's motion: Kathy Austin - yes, Matt Martino - yes, David Haines - yes, Alison Hohengarten - no, Ian Schmidt - yes, Keith Wooden - yes, Priscilla Buck - yes, Cindy King – yes.

Elizabeth Oshel elaborated on motion and vote process. To consider another amount, would need to reopen and reconsider. Original motion had been made motion. A counter motion was made and no one seconded so second motion failed. Original motion passed.

- **Staff report** – not enough time to go over.
To Council in June. Shoot Lynne an email if want to help present. Lynne will email out what City has done.
- **Adjourned at 6:06 pm.**