



## Meeting Minutes

### Affordable Housing Advisory Committee

3:00 PM, Wednesday, September 9, 2020

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

Staff Liaisons: Lynne McConnell and Racheal Baker

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**3:07 pm**

**Roll Call:** Cindy King, Keith Wooden, Kathy Austin, Priscilla Buck, Matt Martino, Ian Schmidt, Alison Hohengarten, Joanna Gardner, Heather Simmons

Councilor Campbell

- **Public Comment Summary**

Letter came in from Lawnae Hunter regarding short term rentals and asking about AHAC's position. Will review City's policy at a future meeting. No comments from those attending meeting.

- **Approval of March, May, and June Minutes**

- March 11, May 13, May 27, and July 8, 2020
- **Motion: I move to approve the March 11, May 13, May 27, and July 8, 2020 Affordable Housing Advisory Committee minutes as presented. Kathy Austin made motion. Matt Martino seconded. All in favor.**
- Kathy Austin asked for update on some items from previous meeting. Status of focus group of developers, ombudsman for CDD status, transportation SDCs.

- **CAPER Public Hearing**

- Summary: the Consolidated Annual Performance Evaluation Report (CAPER) is a report required by the federal government for jurisdictions receiving CDBG funds. This report will cover Program Year 2019's accomplishments.

Adds up the person's and households served based on our Consolidated Plan. \$ 3.5 million for 2019-2023 Consolidated Plan. Last year, Bend spent greater percentages of CDBG funding on creating and preserving affordable rental housing and home ownership. Approximately \$50,000 of CDBG funding preserved 7 rental units for low- and moderate income veteran households. Another \$400,000 of CDBG funding acquired land that will be developed into 47 apartments for low-income households. The City directed \$330,000 of CDBG homeownership financial assistance for 8 low- and moderate-income households. Nearly \$300,000 of CDBG funds acquired land that will be developed into 4 homes for low- and moderate-income households.

The City supported necessary public services and assisting homeless with services. The 3,550 persons served exceeded the 5-year targets set in the 2019-2023 Consolidated Plan. The rental and home ownership benefits of land acquisitions will not be seen until 2022. Additional Affordable Housing Funds awarded will allow Bend to exceed rental housing development targets of the 2019-2023 Consolidated Plan, with 50 rental units expected in the upcoming year and over 300 rental units in 2022.

No applicants requested funding for the development of shelters that would increase beds for the homeless or funding that would develop housing for the homeless. Similarly, no applicants requested funding for infrastructure improvements. To accomplish the breadth of the 2019-2023 Consolidated Plan goals, it may be necessary to encourage applicants and fund more development of homeless shelters, housing for homeless, and infrastructure

improvements.

Heather asked about recent legislative changes. Racheal replied that this funding was prior to that discussion. Some will be funded with most current RFP. Cindy asked about the 300 units in 2022. Response: Stillwater Crossing and Canal Commons 2. Forbes development is underway. Conners 1 is underway. Kathy asked if we have hit the Parks cap of 400 units. Response: 24 units left under Parks cap. City Council voted at last week's Council meeting to forward letter to Parks Board for cap to be lifted. Hope to have more information by next meeting. Kathy asked if we should write letters. Councilor Campbell responded yes. Cindy said we have exceeded public service goals with time left and asked if that impedes us from doing any of these goals in the future. Racheal: absolutely not especially in relation to Covid-19. Goals were prior to Covid.

Chair stated that Public Hearing is open. Presentation to be included as part of record. There were no public comments. Councilor Campbell: no comments except great that meeting some goals so early. Public Hearing officially closed.

- **Motion: I move to approve the 2019 Consolidated Annual Performance Evaluation Report (aka CAPER). Kathy Austin made the motion. Heather Simmons seconded. Alison Hohengarten-aye, Heather Simmons-aye, Joanna Gardner-aye, Ian Schmidt-aye, Matt Martino-aye, Kathy Austin-aye, Priscilla Buck-aye, Keith Wooden-aye, Cindy King-aye. All in favor.**
- **Loan Terms Review**
  - Summary: Committee will discuss the loan terms included in last year's RFP funding package and consider changes for this year's RFP. Lynne – informational workshops starting this month. Required for anyone who has not worked with us for CDBG. Good for others to rehear as changes come through. Also Affordable Housing Funds. RFP will be released in October.
  - Racheal presentation: in order for affordable housing resources to continue over time, City has a policy of providing loans rather than grants. However, public service projects are given as grants. Loan payments come back into program. When considering loan term options, the Affordable Housing Advisory Committee reviews market conditions before Request for Proposals are issued for funding. Current market conditions are unprecedented. As the pandemic continues, the fallout is still uncertain. Please remember these are high risk loans that traditional lenders cannot offer. Staff with input from subcommittee put forth 3 options for full committee to discuss and decide.
    - Option 1 - keep current terms
      - Homebuyer Assistance—silent non-amortizing for 30 years. In year 31, becomes fully amortized at 5% for a term of 10 years. Repaid by year 40. Repaid upon transfer or affordability non-compliance.
      - Acquisition for land trust – silent until year 20 at 0% interest with terms revisited at year 20.
      - Acquisition, construction, rehabilitation, land development, infrastructure - 40 year amortizing at 1%.
      - Acquisition, construction, rehabilitation, land development, infrastructure - 40 year interest only for first 10 years, amortizing at 3%.
      - Shelters - due upon sale, refi, or non-compliance, 0% interest.
    - Option 2 - lower interest rate for non-profit organizations.
      - Homebuyer Assistance—silent non-amortizing for 30 years. In year 31, becomes fully amortized at 5% for a term of 10 years. Repaid by year 40. Repaid upon transfer or affordability non-compliance.
      - Acquisition for land trust – silent until year 20 at 0% interest with terms revisited at year 20.

- Non-profit acquisition, construction, rehabilitation, land development, infrastructure - 40 year amortizing at 0.5%.
- For-profit acquisition, construction, rehabilitation, land development infrastructure – 40 year amortizing at 2%.
- Acquisition, construction, rehabilitation, land development, infrastructure - 40 year interest only for first 10 years, amortizing at 3%.
- Shelters - due upon sale, refi, or non-compliance, 0% interest.

Option 3 - lower interest rate for 40 year loan with interest only for first 10 years.

- Homebuyer Assistance—silent non-amortizing for 30 years. In year 31, becomes fully amortized at 5% for a term of 10 years. Repaid by year 40. Repaid upon transfer or affordability non-compliance.
- Acquisition for land trust – silent until year 20 at 0% interest with terms revisited at year 20.
- Acquisition, construction, rehabilitation, land development, infrastructure - 40 year amortizing at 1%.
- Acquisition, construction, rehabilitation, land development, infrastructure - 40 year interest only for first 10 years, amortizing at 1.5%.
- Shelters - due upon sale, refi, or non-compliance, 0% interest.

All proposals can request an alternate loan term in proposal and presentation.

Discussion surrounded what was discussed during loan subcommittee meetings regarding terms and how we handled the land trust issue. Committee wanted to have options listed in RFP. Don't want to ~~disincentivize~~ for profit. Want money to come back if possible.

Committee appreciates the role non-profits have played but thinks that the spread was too large. Same terms or similar. Will bring more players to table. Disparate impact. Wishcamper is a good example. Priscilla - laying out terms is a step forward and creates a transparency. Agrees that differential seems to be too great. However, some differential should remain in place. Non-profits benefit community. Believes an annual review is good and should be formalized. Cindy - seems that people are not in favor of Option 2 as it has the biggest differential. Maybe take off the table. Likes idea of reviewing annually or sooner if conditions warrant. Formally before RFPs so can adjust for market conditions.

Lynne said most of folks do get traditional financing. Rents do not cover everything. There is a gap. Goal is to supplement market and cover the gap. We do not want to compete with the market.

Consensus that don't need to change, there is an option to ask for a change. Retain what we have. Option 1. Is wording part of RFP to request changes up front.

- **Motion: I move for the Affordable Housing Program 2021 Request for Proposals' loan terms to be remain the same as currently which is Option 1. Applicants can request change in loan terms in proposal but need to make case. Matt Martino made motion Heather Simmons seconded. Ian Schmidt-aye, Matt Martino-aye, Kathy Austin-aye, Heather Simmons-aye, Alison Hohengarten-aye, Joanna Gardner-aye, Priscilla Buck-aye, Keith Wooden-aye, Cindy King-aye. All in favor.**

- **Staff Report**

- Kathy/ Ian – summary of Planning Commission & letter to Council  
Recent code packages status. Kathy has been working with Pauline Hardie. Package of recommendations went to Planning Commission for study session. Was positive however NLA had some extreme concerns about micro-units (previously called SROs). Original recommendation was to allow them in all residential zones. At hearing, they removed from low residential and standard residential except those areas that include neighborhood

commercial. Council will review in a work session. Kathy brought up point of Fair Housing. We need to write a letter in support of changes. Decide if want to add micro-units. Meeting on 16<sup>th</sup> with Pauline to review draft of state ordinance. Ian felt there was the most consensus he has seen by many organizations supporting for different reasons. Joint sessions are hitting their stride. Getting feedback sooner rather than later. Feeling positive. Allow in RM but not RS or RL. Unlikely we will see a lot of units because are expensive to build. Trying to eliminate restrictions and let options be available. Cindy asked if there is any concern on lending side. Are there programs available? Lynne – her understanding is hard to finance so don't want to create additional barriers. Thinks might not be allowed under HUD funding. Kathy said the ones she is familiar with are in larger cities by big non-profits. Heather said since there are so few requests, if we should weigh in? Don't die on this hill. Kathy - Should be allowed somewhere. More likely to see in a mix with other apartment buildings. Trying to eliminate obstacles, allowing for creativity and allowing for it to happen. Ian, agrees with level of political capital but thinks we need to come up with new housing types. Allow for innovation in housing. Opportunity to occur. Fit family units that live in Bend, young people, those not putting down roots. May be a good solution. Kathy said is a matter of equity. Most of zoning is RS. Maybe not RL. Would like committee to support in RS. Priscilla agrees with Kathy. We need to make a statement around equity at least RS. Maybe give up RL.

Councilor Campbell – what would this look like in a RS zone? Response: could look like a single family zone. Will fall under same restrictions with a few changes. Height similar, set backs a bit different. Depends if part of a larger development or if infill next to existing single family home. Relaxed some restrictions. A bit less parking. Just under 400sf.

- Core Area update – passed Council. 5 main things including affordable housing. Won't see until 2022 or 2023.
- Murphy Crossing TIF District Affordable Housing Program update – went forward. Issued an RFP for \$750,000. One applicant – Wishcamper. Working toward their closing next week.
- RFP timing overview – training for applicants September 21 and October 1. October 2 RFPs available. November 2<sup>nd</sup>- proposals due. December 9<sup>th</sup> for AHF presentations and January 13<sup>th</sup> for CDBG presentations. January 27<sup>th</sup>- deliberation. If necessary, Feb 10<sup>th</sup>.
- HB 4212 – two sections affect affordable housing. Shelter super-siting. Allows to be sited anywhere within a UGB regardless of zoning. 90 day window to apply. Do need to obtain permits. Allows for more flexibility. No longer a land use decision. Deadline September 28<sup>th</sup>. Veteran's Village intends to submit this week. Also a group lead by St Vincent de Paul. Second part is regarding parking. Folks can park camp for a limited time. Expires on September 28.
- CRF Funding from State- \$2.9 million. \$900,000 for City's increased costs, \$1 million to Chamber for small business assistance, \$1 million for rent, vulnerable populations, and childcare assistance. AHAC was first to put out federal Care Act funding through RFP
- Election advocacy (bond/ candidates) - Elizabeth Oshel presented overview. In role as committee members, you are all representative of the City. Only restrictions apply to you as a committee member. In private, you can do anything. Includes transportation bond. Can reference on committee but must be your personal opinion.
- Coyner update—John from Pacific Crest to come in October. They decided they cannot proceed with parcel. We will put back out. Will require a pre-app meeting before they put a proposal in.

- Parks SDC already discussed.
- Karin Morris sent out a training opportunity called Raise the Roof to support folks with disabilities to become informed advocates for housing. Mentor role. Lynne will send out. If you are interested sign up. Raise the Roof disability training
- Oct 16 Deschutes County auctioning surplus land - <https://www.deschutes.org/property/page/2020-deschutes-county-surplus-property-public-auction>.
- HB 4006 – required for cities that have a threshold who are severely rent burdened. 26% in Bend pay more than 50% for housing. We have invited Fair Housing Council to come and give presentation. Wants to capture momentum of people who are speaking up at Council. Inviting NLA. Will invite BEDAB and Planning Commission.

Kathy – worksession on 16<sup>th</sup>. **Do we have a consensus of putting microunits in RS due to equity concerns? Group indicated support. Lynne and Cindy will compose a letter of support.** Heather asked if any education on microunits had occurred. Response: Has been some but NLA hasn't been involved. Some people moved off NLA.

- **Adjourned at 5:03 pm.**