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Meeting Minutes

HOMES FOR GOOD HOUSING AGENCY

BOARD OF COMMISSIONERS

Location of the meeting:

Board of County Commissioners Conference Room, Public Service Building, 125 East 8th Avenue, Eugene, OR, 97401

Phone: 541.682.2506

The meeting location is wheelchair-accessible. Anyone needing special accommodations (deaf, people with hearing loss, language translation, chemical sensitivity needs, and large print copies of agenda), please make your request at least 48 hours prior to the meeting.

FEBRUARY, 28th, 2018 — HOMES FOR GOOD HOUSING AGENCY

(2:30 p.m.) (Board of County Commissioners Conference Room)

1. ADJUSTMENTS TO THE AGENDA

None

2. COMMISSIONERS' BUSINESS

Sid Leiken and Jay Bozievich are absent from today's meeting

3. #PUBLIC COMMENTS

- **Kylas Nagaarjuna:** Provides argument against the proposed development on 435 River Rd due to traffic hazard and detriment to the community and area parks. Written testimony was provided to the Board of Commissioners.
- **Joe Casey:** Provides argument against proposed development on 435 River Rd due to traffic hazard and public safety concerns. Written testimony was provided to the Board of Commissioners.
- **Lena Kartzon:** Provides argument against proposed development on 435 River Rd due to traffic hazard, damage to the Maurie Jacobs Park, and public safety concerns. Photos of the neighborhood and areas of traffic concern were provided to the Board of Commissioners.
- **Jacqueline McClure:** Requests the stop of the sale of 435 River Rd due to the possible traffic hazard a new development will cause and lack of capacity to handle additional traffic in the area. Concerned about the detrimental impact a large development will make on the community. Written testimony was provided to the Board of Commissioners.
- **Miaya Sustaita:** Provides testimony against the purchaser of 435 River Road, Evergreen Housing. Provides testimony about the history of Evergreen Housing and their history of negative impact on

communities in Eugene due to poor building practices. Written testimony was provided to the Board of Commissioners.

- **Dennis Sandon:** Provides testimony against the sale of 435 River Road. Mr. Sandon is concerned about the environmental consequences of the detriment to the greenway, the possible traffic hazard a new development will cause, and the lack of notification to the public regarding the sale. Written testimony was provided to the Board of Commissioners.

4. COMMISSIONERS' RESPONSE TO PUBLIC COMMENTS AND/OR OTHER

- **Pat Farr:** Agrees that Ecco Apartments has not performed positively in that neighborhood regarding the parking and tree planting/replacement in the area. The Homes for Good board is not here to judge Evergreen Housing. The City of Eugene recently expanded the urban growth boundary however did not add any residential expansion to this plan which means every square inch of the land within the urban growth boundary will be maximized for the number of allowable units. No matter who develops, the area will be maximized for the densest level of usage. I am prepared to meet with the neighborhood along with Jon Belcher, the River Road Neighborhood Association Co-Chair to discuss this topic further.
- **Pete Sorenson:** I have spent a lot of time in the Maurie Jacobs Park and in the area and agree it is a very beautiful area. I would like to know what this Board and Homes for Good Housing Agency can do to review the sale and the history of the public involvement in this process. Also I would like to know if there is a way we can possibly interdict the sale. I am not for doing nothing about this subject. I would like an opportunity to either have the board interdict the sale or offer an alternative that would be compatible with the concerns of the community.
- **Gary Williams:** What I have heard makes sense however I am concerned that 2 of our board members are not present. I would like to have more discussion on this topic when all board members are present.
- **Patt Farr:** A couple questions I will ask you, Jacob for a future meeting. As the contract finalizes with Evergreen, where is the City of Eugene on this regarding its building standards. What is the City of Eugene's planning process regarding this development. I am aware that Jon Belcher has asked Steve Ochs to query this topic further. By the time we meet again I would like more information on what we can do as a board to potentially leverage the City of Eugene. I have spent a great deal of time trying to repair what happened with Ecco Apartments and I would like the opportunity to act now that the project is in predevelopment.
- **Jacob Fox:** Thank you to those who came from the neighborhood to speak. I had no knowledge of this group coming to this meeting and if I had known, I would have reviewed the materials and have been able to discuss this real estate transaction in more detail. I would encourage you to look back at the public record and review the deliberations that this board has had on all of the real estate this organization manages and challenges that we face. To give you some context, we have a huge challenge because we have very old buildings in this community. Each year the federal government shrinks its investment in the buildings we maintain which creates a challenge for us to maintain these properties. In response, we are looking at all of our apartment communities and land that we own to find a way to stabilize some of our apartment communities that are full of elderly and disabled people and that is why this board approved to authorize Homes for Good to list this property and either reinvest in the buildings we own to update heating system, windows, etc. or develop new housing. The reason why we did not use this property for a new housing development is two pronged, first, using

federal funds on flood plains is challenging and it is important that the communities we serve need access to resources such as grocery stores and this property is not within close proximity to grocery stores for those who do not have cars and access to transportation. I will certainly work with the board to engage on this topic as they see fit. We have a purchase and sale agreement with Evergreen which is a legally binding document. That is as much information as I can give out without reviewing the document again.

- **Pat Farr:** All seven members of this board did take action on the sale of this property but I want to know if there is something we can do as a board to place in consideration a second look at the contract if Evergreen is going to perform in the same way they did with the Ecco Apartments.
- **Jacob Fox:** I will first need to get the document in front of legal counsel since it is a legally binding contract and review any out clauses available for both parties regarding the sale. I will come back with factual information on that front.
- **Pat Farr:** Madam Chair, I would like to suggest Mr. Fox does look into this matter as soon as possible and determine if there is any urgency on this sale and come back before the next regular meeting to discuss our options.
- **Char Reavis:** I would like to have further discussion on this matter when all seven board members are present.
- **Pete Sorenson:** It would like follow up with the board soon on this matter after consulting legal counsel and to research determine if we had an appropriate amount of community involvement on this sale.
- **Jacob Fox:** I would like to thank the group who came to speak today. People are often confused about who we are legally. To be clear, we are not part of Lane County nor the City of Eugene. The Commissioners that govern our organization, five of them are Lane County Commissioners but when they convene as this body, they are not Lane County Commissioners, they are Homes for Good Commissioners and they have to take any Lane County interests off and do what's best for this organization and its real estate assets as well as the communities that we serve.
- **Char Reavis:** If anyone has a question, they are welcome to follow up in an email with the Commissioners.

ISSUES AND REMONSTRANCE

5. EMERGENCY BUSINESS

None

6. EXECUTIVE SESSION

- a. Executive Session 1
"On February 28th, 2018 the Homes for Good Housing Agency Board will hold an Executive Session pursuant to ORS 192.660(2)(e), to conduct deliberations with persons designated by the Homes for Good Board of Commissioners to negotiate real property transactions.
- b. Executive Session 2

“On February 28th, 2018, the Homes for Good Housing Agency Board will hold an Executive Session pursuant to ORS 192.660(2)(h) to consult with Homes for Good’s legal counsel regarding legal rights and duties related to litigation or litigation likely to be filed.”

7. ADMINISTRATION

A. Approval of the 01/24/2018 Homes for Good Board Meeting Minutes

Motion to approve minutes: Pat Farr

Motion seconded: Gary Williams

Motion is approved unanimously

B. Executive Director Report

- **Jacob Fox:** We are working on a plan for a deliberate equity and inclusion plan for the agency. Meyer Memorial Trust invited us to a training on Diversity, Equity, and Inclusion in Bend. Five staff including Char was in attendance. This opportunity opens us up to a technical assistance grant from Meyer for more equity training for the organization.
- Homes for Good also engaged in Active Shooter training with the staff. It was a successful event and we are looking to train a number of staff to be in house trainers to maintain training staff-wide in this area going forward.
- Char, Michelle, and Ela attended Housing Opportunity Day in Salem to advocate in the State legislature.

C. Order 18-28-02-01H//In the Matter of Approval in the Renaming and Updating of the Charter of the Homes For Good 401(K) Plan Committee(Valerie Warner, Deputy Director)

Valerie Warner: Homes for Good employees, management and non-management are part of a retirement plan. The employer contributes 12% of our salary into the retirement plan. I am the plan administrator. Each year, Mass Mutual administers the funds and they keep track of the investments for each participant. We also have a contract with Wells Fargo Advisors to perform due diligence on the investments. Once a year we get together with Mass Mutual and Wells Fargo in a plan committee. We have had a 13% increase in the plan. The total investment in the plan has increased. I am coming to the board to change the name of the committee from the “HACSA 401K Plan Committee” to the “Homes for Good 401K Plan Committee.” What I plan to do is to make a report to the board on the 401K that will become a part of the annual fiscal disclosure that is presented to the board. Today, I would like to have the board accept the name change to the charter.

Motion to approve the board order: Pat Farr

Motion seconded: Gary Williams

Motion is approved unanimously

- D. Report/In the Matter of Homes for Good Refinancing Plans for Firwood Project (Valerie Warner, Deputy Director)

Valerie Warner: We have discussed Firwood previously and today we do not need you to take any action. We are bringing you a report on Firwood however will be coming back to at the next meeting or the meeting after to approve some financing for this property. As you recall, we are in a difficult deal with the Firwood as we do not own the land but need to renew the 90 units on the property. We would like to issue a tax exempt revenue bond to bring the property back to beautiful conditions so that when our lease is over, we can turn it back to the lessor in good condition as we are obligated to do. We did a capital needs assessment and came to a \$1.6M of envelope improvements to do. Spencer McCoy and our Asset Manager Beth Gyde created a ProForma of this apartment complex. Our financial advisor offered \$1.2M for the improvements. Unfortunately, this figure was not enough for the repairs. We decided to outsource the property management, enact rent increases, and institute a replacement reserve. As a result of these changes, we should be able to borrow \$2.5M. If we put roofs on in 21 years we should have enough in replacement reserves to do that. The one thing that will need additional work is to work with the union to outsource the property management and maintenance. We need to have a conversation with the union to redeploy staff to this project. Once we have a financing vendor identified, we will be back to approve this contract.

Pete Sorenson: Do you envision that it will be save costs because the staff doing the job will be paid a lower salary?

Valerie Warner: It's the benefits that will not be the same. The pay will be the same.

Pete Sorenson: I will suggest we not take action until all the commissioners are here.

Valerie Warner: We had the same concerns about hiring people for a lower salary but we actually have control over the salaries of a 3rd party property manager and adjust salaries to meet the needs of the staff.

Pat Farr: It seems counterproductive to pay people a wage that would not allow them to pay for housing. I have never been a prevailing wage advocate. I'm concerned with the wage.

Valerie Warner: This concept is to hire a 3rd party property manager and as a public agency, many of our decisions are based on the lowest bid.

Pat Farr: I would hope the people we hire would be responsive to the people who live at the property even more than the owners. I am not saying that we are creating situations where people can't afford housing. We want to be careful not to place people in marginal living situations. You are correct public agencies often are required to accept the lowest bidder regardless of how that bid is achieved. Where we do have some control, we want to take care to pick the best company.

Jacob Fox: We do not have an objective way to measure our staff versus a 3rd party management staff. I can't give you clear evidence that we are better however in some cases I can point to where we are. One of our properties was under poor management until we took

over. We have to be really thoughtful about this decision because if we choose to have Homes for Good staff to continue to manage this property, there will be a lot less bond proceeds we can use to make this property perform and habitable for its residents. What we are experiencing is the result of a poorly structured real estate transaction and the lack of proactive asset management up until 2014.

Michelle Thurston: For clarification about 3rd person party property managers, Homes for Good assigns all maintenance and management of the property to the 3rd party manager and oversees or checks in once and a while?

Jacob Fox: Homes for Good is a very hands on and proactive owner. We demand a lot from our property managers. We have an asset manager, Beth Gyde who oversees the management companies as well as Spencer McCoy providing some asset management oversight. We do not pay our managers minimum wage in any of our contracts. People are paid a living wage who work at our properties and do receive a benefits package.

Michelle Thurston: If we hire 3rd party managers we are able to save money and put that money into the building in the long term. If Homes for Good continues to manage the property, funds availability for improvements will be tighter. Do I understand this correctly?

Jacob Fox: That is correct.

Pat Farr: Most property owners do not have responsibility to their renters, we do.

Valerie Warner: What would be helpful for us to bring back next time regarding this matter?

Char Reavis: I would like to know how the increase in rent will impact the residents who live there especially over time seeing that it will be 3% annually.

- E. Order 18-28-02-02H/In the Matter of the Energy Performance Contracting Reimbursement Resolution(Valerie Warner, Deputy Director)

Valerie Warner: Everything regarding this project is ready to go. The project has been identified, the funding is in place, and the notice to proceed is about to be issued. It occurred to me that we need to do a reimbursement resolution to reimburse Homes for Good for staff time and legal costs associated with this project. There are up to \$7,000 in costs that will be reimbursed to Homes for Good.

Motion to approve the board order: Michelle Thurston

Motion seconded: Gary Williams

Motion is approved unanimously

F. Order 18-28-02-03H/In the Matter of Authorizing the Executive Director to Apply for Assistance from the Oregon Housing and Community Services Notice of Funding Availability (NOFA) for the Market District Commons Affordable Housing Development(Spencer McCoy, Project Developer)

Jacob Fox: This is something that we are required to do by OHCS and we have done this for every project we have received funding for. Spencer will give you some updates on this project.

Spencer McCoy:

- The construction costs have come in higher due to construction inflation. We are currently working with the construction company to try to contain that for when we submit the NOFA. What is different with this NOFA application over others we have done is Oregon Housing Community Services (OHCS) is offering a resource called, "Housing Trust Fund." We are looking to pursue this however one thing with Housing Trust Fund is we need to close financing by 10/01/2018. We need to start predevelopment immediately.
- We are confident with our ability to get funding. We had a noise assessment that came in above 75 decibels so we could not have a terrace at the property. However with the Quiet Zone measure with the City of Eugene passing we may have the opportunity to now have a terrace. We are looking to submit the NOFA by the deadline of, April 16th.

Pat Farr: Are there design standards for this area of town?

Jacob Fox: The design standards were approved by Lane County. We are making modifications to save costs. We are selling the first floor and surface level parking to Obie.

Pat Farr: This is a great project and will be a great part of a very beautiful downtown.

Jacob Fox: We have 50 units planned with up to 15 as units for low income/homeless veterans with the remainder of the properties for affordable housing for the local workforce.

Pete Sorenson: Are there any changes to the original idea?

Jacob Fox: There will be no residential condos. Condo ownership is for the commercial property which will be sold to Obie on the first floor of the building.

Motion to approve the board order: Michelle Thurston

Motion seconded: Gary Williams

Motion is approved unanimously

8. OTHER BUSINESS

Adjourn