

CHRISMAN
DEVELOPMENT
INCORPORATED

May 22, 2013

Senator Fred Girod
900 Court St. NE, Room S-401
Salem, OR 97301

Dear Senator Girod:

We, along with other affordable housing providers, support the Housing Alliance's request for funding the estimated \$20 million in Lottery Backed Bonds for the Preservation of federally assisted projects across the state of Oregon.

Since 1989, Chrisman Development has been a leader in the development, rehabilitation, and management of affordable housing projects serving low income families, seniors, the disabled, and the chronically mentally ill. Chrisman Development has developed or rehabilitated 40 affordable housing projects, representing a total of 1,318 units with total project costs exceeding \$130,000,000.

Chrisman Development takes significant pride in the success of the numerous projects it has developed. With a particular focus on USDA Rural Development properties, Chrisman Development has specialized in the acquisition and rehabilitation of existing federally subsidized affordable housing projects. Moreover, Chrisman Development has been the Oregon leader in preservation of USDA Rural Development properties with project based rental assistance, focusing on multi-project consolidations.

In 2011, Chrisman Development acquired and preserved a portfolio of five USDA Rural Development properties, for a total of 239 units (see attached Beaver State Apartments project synopsis). The financing for the portfolio **included approximately \$10M in Lottery Back Bonds.** At the time of acquisition, Rural Development provided an additional 79 units of rental assistance, for a total of 225 of the 239 units with project-based rental assistance (provided by the federal government). That rental assistance equates to a present value, in today's dollars, of approximately \$30M over a 20 year period. These are resources that the State cannot replicate, especially in this tough economic environment.

The concept of multi-project consolidations provides for the preservation of more units at one time; with a common form of financing, several costs are spread among the projects, and there are some economies of scale. For example, the total project cost for Beaver State Apartments was \$31.7M or \$132,665 per unit. The replacement cost for these units would be \$47.8M (at \$200,000 per unit). The Housing Preservation Funds were one of seven sources used to finance the Beaver State Apartments. Without the Housing Preservation Funds, this project and these units may never have been preserved.

We are currently working on the Crooked River Apartments, a consolidation of three USDA Rural Development properties located in Redmond and Madras. We anticipate closing this project by August of this year. The original rental assistance for this portfolio was 80 of the 94 total units. However, with the approval of the project transfer by Rural Development, 13 additional units of rental assistance were added so that the portfolio now has 100% rental assistance. The present value of the rental subsidy is approximately \$8.5M. The total project costs for Crooked River Apartments is approximately \$10M, **with Housing Preservation Funds of \$4.6M**; the per unit cost is estimated at \$108,000.

With both Beaver State Apartments and Crooked River Apartments, Chrisman Development has been able to obtain 92 additional rental assistance units for the communities in which these projects are located.

In the early stages of development we are working on a HUD Section 8 portfolio of 9 projects for 128 units; and a USDA Rural Development portfolio of 6 projects for 138 units. Because there are a large number of units in both of these portfolios, we are not able to maximize the financing that would be needed through a competitive funding process. The estimated need for gap financing for the Section 8 portfolio is approximately \$4,885,000 and for the USDA Rural Development portfolio is approximately \$4,350,000. However, **if Housing Preservation Funds were available**, to help with any financing gaps, these two portfolios could be financially feasible utilizing tax exempt bonds and 4% Low Income Housing Tax Credits, and preserved within two years. This would allow these portfolios to stay whole and not break them up to compete for resources through Oregon Housing and Community Services, which could take 3-5 years. The preservation of these two portfolios would retain approximately 197 units with federal rental assistance.

There continues to be a need to preserve both HUD Section 8 and USDA Rural Development properties, especially those with project-based rental assistance. As the real estate market recovers, more owners will consider opting out of these federal programs and selling their projects in the open market, thereby eliminating the project-based rental assistance that is so valuable, and that the State of Oregon just cannot replicate.

In addition, the majority of residents in these properties have incomes at or below 50% of Area Median Income, with a high percentage at or below 30% of AMI. The value of the rental assistance is the difference between a decent, safe, affordable place to live and homelessness.

Again, we urge you to consider the Housing Alliance's proposal for \$20M in Lottery Backed Bonds for the preservation of federally assisted properties in Oregon. If funded, we would also strongly encourage Oregon Housing and Community Services to provide these resources for the bond and 4% programs; thereby, maximizing all the resources available, not only for preservation, but all affordable housing developments.

If there is any further information or questions you may have, please don't hesitate to contact us.

Sincerely,



Doug Chrisman, President
Chrisman Development, Inc.



Tony Chrisman, Vice-President
Chrisman Development, Inc.



BEAVER STATE APARTMENTS

Beaver State Apartments is a 239 unit USDA Rural Development family project located in Mt. Angel, Oregon, Wilsonville, Oregon, Lincoln City, Oregon, Ashland, Oregon, and Willamina, Oregon.

Beaver State is comprised of five separate properties which includes Cascade Valley Apartments which was built in 1978, Montebello Apartments which was built in 1985, Spyglass Apartments which was built in 1985, Stratford Apartments which was built in 1985, and Willamina Villa Apartments which was built in 1980. All five properties were completely rehabilitated and recapitalized in 2011.

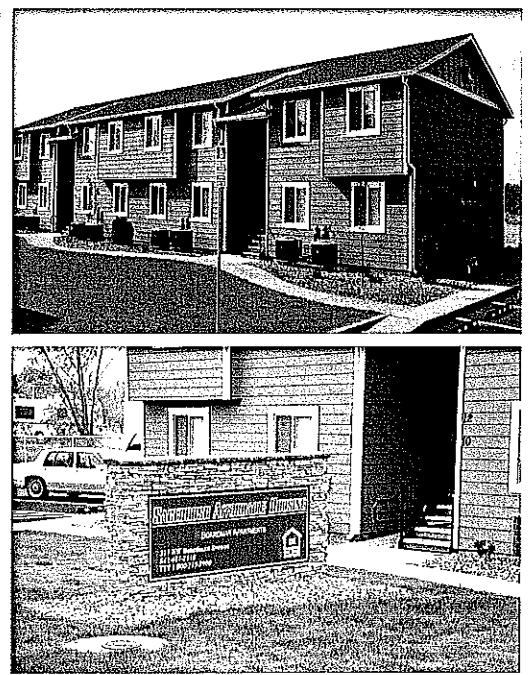
The average income of the current households living at Beaver State Apartments ranges from 10% to 30% of the area median income.

Sources	
LIHTC Equity	\$5,117,830
OHCS Risk Sharing Loan	\$9,224,000
Weatherization Programs	\$645,300
Loan - USDA RD	\$4,975,644
Housing Preservation Funds	\$10,040,298
Deferred Development Fee	\$761,681
Project Funds	\$941,999
Total Project Costs	\$31,706,752
Federal Rental Assistance Preserved	
Total Original Units of Project Based Rental Assistance:	146
Total "New" Units of Project Based Rental Assistance:	79
Total Units of Project Based Rental Assistance Preserved:	225
Total Value of Project Based Rental Assistance Over 30 Years: (for RD projects based on \$4,565 per unit/per year in 2012 dollars)	\$30,813,750

Beaver State Apartments
455 W Marquam Street, Mt. Angel, OR 97362
29800 SW Montebello Drive, Wilsonville, OR 97140
950 SW 92nd Street, Lincoln City, OR 97367
585 Clay Street, Ashland, OR 97520
320 NE 1st Street, Willamina, OR 97396

Owner:
Beaver State Apartments LLC
200 E Main Street, Enterprise, OR 97828

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BOARDMAN APARTMENTS

Boardman Apartments is a 12 unit USDA Rural Development family project located in Boardman, Oregon.

Boardman was built in 1972 and completely rehabilitated and recapitalized in 2010. The unit mix consists of 10 two bedroom and 2 three bedroom units.

The average income of the current households living at Boardman Apartments is less than 20% of the area median income and is currently less than \$10,000 per year.

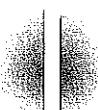
Sources	
LIHTC Equity	\$37,088
Housing Development Grant Program	\$142,611
Weatherization Programs	\$29,220
OAHTC Loan - US Bank	\$350,000
Loan - USDA RD	\$235,051
Housing Preservation Funds	\$145,000
TCAP	\$758,850
Deferred Development Fee	\$25,423
Project Funds	\$9,926
Total Project Costs	\$1,733,169
Federal Rental Assistance Preserved	
Total Original Units of Project Based Rental Assistance:	9
Total "New" Units of Project Based Rental Assistance:	3
Total Units of Project Based Rental Assistance Preserved:	12
Total Value of Project Based Rental Assistance Over 30 Years: <i>(for RD projects based on \$4,565 per unit/year in 2012 dollars)</i>	\$1,643,400

Boardman Apartments

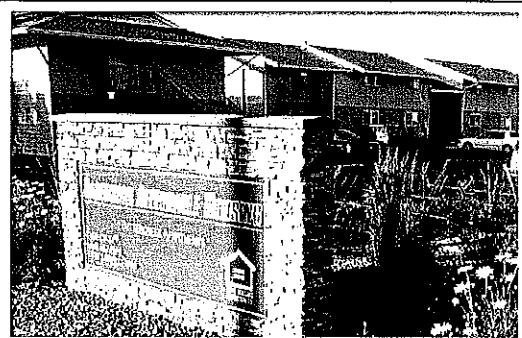
500 SW 11th Street
Boardman, OR 97818

Owner:

Sagebrush Affordable Housing, LLC
200 E Main Street
Enterprise, OR 97828



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BUTTERCREEK APARTMENTS

Buttercreek Apartments is an 86 unit USDA Rural Development family project located in Hermiston, Oregon.

Buttercreek was built in 1974 and completely rehabilitated and recapitalized in 2010. The unit mix consists of 52 one bedroom and 34 two bedroom units.

The average income of the current households living at Buttercreek Apartments is less than 20% of the area median income and is currently less than \$11,000 per year.

Sources

LIHTC Equity	\$438,597
Housing Development Grant Program	\$150,000
Weatherization Programs	\$244,137
OAHTC Loan - US Bank	\$3,400,000
Loan - USDA RD	\$698,919
Housing Preservation Funds	\$145,000
TCAP	\$2,726,079
Deferred Development Fee	\$46,619
Project Funds	\$62,645
Total Project Costs	\$7,911,996

Federal Rental Assistance Preserved

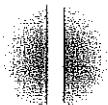
Total Original Units of Project Based Rental Assistance:	70
Total "New" Units of Project Based Rental Assistance:	15
Total Units of Project Based Rental Assistance Preserved:	85
Total Value of Project Based Rental Assistance Over 30 Years: (for RD projects based on \$4,565 per unit/per year in 2012 dollars)	\$11,640,750

Buttercreek Apartments

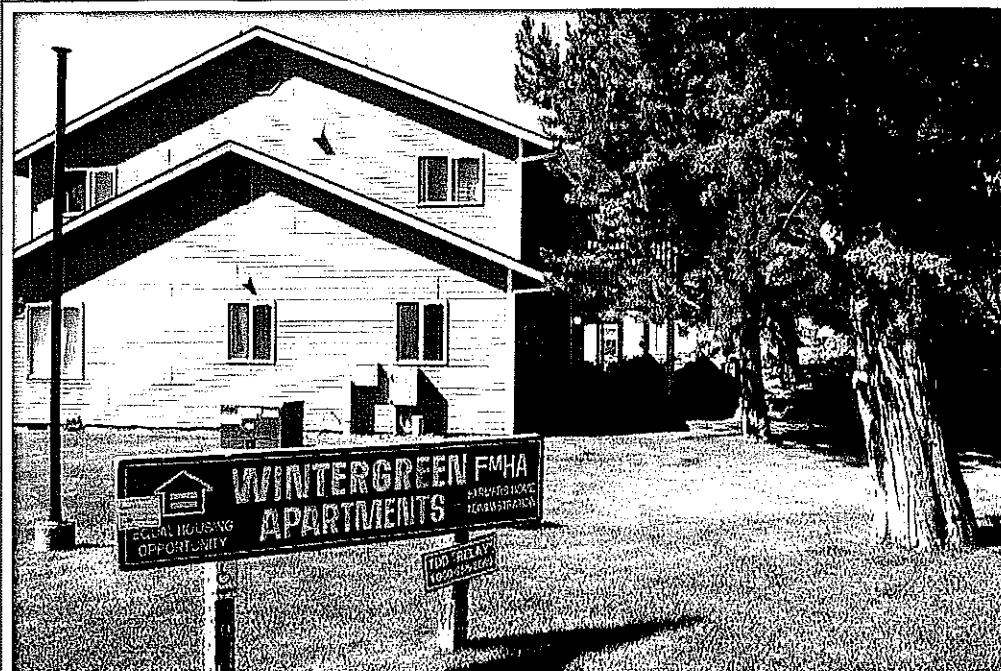
405 SW 11th
Hermiston, OR 97838

Owner:

Sagebrush Affordable Housing, LLC
200 E Main Street
Enterprise, OR 97828



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CROOKED RIVER APARTMENTS

Crooked River Apartments is a 94 unit USDA Rural Development family project located in Redmond, Oregon, and Madras, Oregon.

Crooked River is comprised of three separate properties which includes Wintergreen Apartments, Madison Apartments, and Willow Creek Apartments.

All three of these properties provide affordable housing options for the residents of Jefferson and Deschutes counties.

Sources

LIHTC Equity	\$2,607,146
OHCS Risk Sharing Loan	\$4,650,005
Weatherization Programs	\$206,800
Loan - USDA RD	\$2,339,910
Deferred Development Fee	\$133,611
Project Funds	\$162,617
Total Project Costs	\$10,100,089

Federal Rental Assistance Preserved

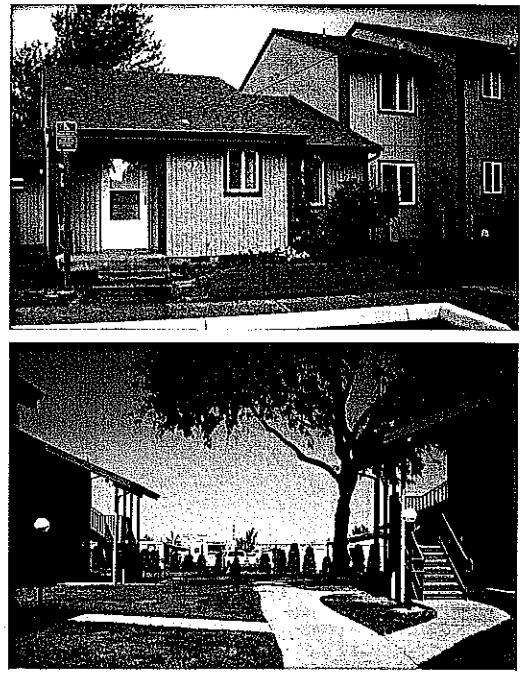
Total Original Units of Project Based Rental Assistance:	80
Total "New" Units of Project Based Rental Assistance:	13
Total Units of Project Based Rental Assistance Preserved:	93
Total Value of Project Based Rental Assistance Over 30 Years: (for RD projects based on \$4,565 per unit/per year in 2012 dollars)	\$12,736,350

Crooked River Apartments
2050 SW Timber Ave, Redmond, OR 97756
950 SW Madison, Madras, OR 97741
1220 N Oak St, Madras, OR 97741

Owner:
Crooked River Apartments, LLC
200 E Main Street, Enterprise, OR 97828



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WASHINGTON PARK APARTMENTS

Washington Park Apartments is a 46 unit USDA Rural Development family project located in Milton-Freewater, Oregon.

Washington Park was built in 1977 and completely rehabilitated and recapitalized in 2008. The unit mix consists of 12 one bedroom and 34 two bedroom units.

The average income of the current households living at Washington Park Apartments is less than 20% of the area median income and is currently less than \$10,000 per year.

Sources

LIHTC Equity	\$795,049
Loan - US Bank	\$1,300,000
Low Income Weatherization Program	\$198,000
Loan - USDA RD	\$226,043
Housing Development Grant Program	\$165,000
Deferred Development Fee	\$108,592
Project Funds	\$67,091
Total Project Costs	\$2,859,775

Federal Rental Assistance Preserved

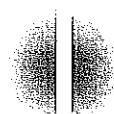
Total Original Units of Project Based Rental Assistance:	35
Total "New" Units of Project Based Rental Assistance:	10
Total Units of Project Based Rental Assistance Preserved:	45
Total Value of Project Based Rental Assistance Over 30 Years: (for RD projects based on \$4,565 per unit per year in 2012 dollars)	\$6,162,750

Washington Park Apartments

923 Cowl Street
Milton-Freewater, OR 97862

Owner:

Washington Park Apartments,
Limited Partnership
200 E Main Street
Enterprise, OR 97828



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