

**OREGON STATE HOUSING COUNCIL**  
**Minutes of Meeting**

Oregon Housing & Community Services  
*Large Conference Room, 124 A/B, First Floor*  
725 Summer Street N.E., Suite B, Salem, OR 97301

**9:00 a.m.**

**April 3, 2009**

**MEMBERS PRESENT**

Larry Medinger, Chair  
Scott Cooper  
John Epstein  
Stuart Liebowitz  
Francisco López  
Maggie LaMont  
Jeana Woolley

**MEMBERS ABSENT**

**GUESTS**

Danny Santos, Governor's Senior Policy Advisor  
Anna Geller, Geller Silvis & Assoc.  
Tom Cusack  
Jim Tierney, Deputy Director, Community Action Team  
Chad McComas, Rogue Retreat Board Chair  
Carol Snell, Exec. Dir., Northwest Oregon Housing Authority  
Bonnie Johnson, Project Consultant  
Harold Nelson, Rogue Retreat  
Betty Wolf, Rogue Retreat

**STAFF PRESENT**

Victor Merced, Director  
Rick Crager, Deputy Director  
Nancy Cain, Chief Financial Officer  
Lisa Joyce, Legislative Relations Manager  
Floyd Smith, Agency Affairs Director  
Karen Clearwater, Regional Advisor to the Department  
Vince Chiotti, Regional Advisor to the Department  
Jack Duncan, Regional Advisor to the Department  
Craig Tillotson, Single Family Loan Specialist  
Roberto Franco, Director's Office Liaison  
Shelly Cullin, Loan Officer  
Becky Baxter, Loan Closer  
Betty Markey, Housing Resources Manager  
Dona Lanterman, Single Family Unit Manager  
Dave Summers, Housing Finance Section Manager  
Mike McHam, Appraiser & Market Analyst  
Mariana Negoita, LIHTC Program Representative  
John Fletcher, Senior Policy Analyst  
Roz Barnes, Housing Program Representative  
Vicki Massey, CFC Application Process Manager  
Jo Rawlins, Recorder

**I. CALL TO ORDER: Chair Larry Medinger** calls the April 3, 2009 meeting to order at 9:05 a.m.

**II. ROLL CALL:** Chair Medinger asks for roll call. Present: John Epstein, Francisco López, Maggie LaMont, Stuart Liebowitz, Jeana Woolley, and Chair Larry Medinger. Absent: Scott Cooper (arrived at 9:20 a.m).

**III. PUBLIC COMMENT: Tom Cusack** of Lake Oswego, Oregon, explains that he once worked for HUD, and requests that Council adopt a proclamation in recognition of the 75<sup>th</sup> anniversary of the Farmworker Housing Association (FHA), which started in 1934, to recognize the role that FHA has played in housing generally, and specifically in Oregon. He distributes a sample 'Proclamation' prepared by Hacienda, suggesting it be used as a template. **Chair Medinger** says Council will take it under advisement.

**IV. SPECIAL REPORTS:**

**A. Governor's Update.** **Danny Santos**, Governor's Senior Policy Advisor, reports on the following:

- *The Oregon Way Advisory Group.* **Santos** distributes a copy of a news release and write-up of The Oregon Way Advisory Group and its members, pointing out that Mr. Merced is one of the members of the Advisory Group, which is a good indication of the Governor's trust and belief in the services of the department, and Victor's capabilities to assist the state in advising the Governor as to how we use some of the competitive grant monies. He points out the website at Oregon.gov/recovery and explains that the resources can be tracked by geographic areas and by types of resources as the money starts to come in. He says the state information technology folks have done a masterful job and it will track not just where the monies are going, but also the job creation that is taking place. One of the things that the President has asked, and the Governor has passed along to all the partners and players in this, is to be able to be accountable for not just the money that the state will be getting, but also job creation and some of the other factors (one specifically identified is Minority Women and Emerging Small Businesses).

- *Stimulus Funds.* **Santos** distributes a document entitled *The American Recovery and Reinvestment Act, What it means for Oregon*, and gives an overview. **LaMont** asks when he thinks the money will be available. **Santos** says we are not really sure yet as to how fast that money will arrive. The education resources have been made available to the states so that they could be utilized immediately, but for others, we are still waiting for program guidelines.

- *Governor's Budget.* **Santos** explains that the legislature is required to balance its budget based on the May 15<sup>th</sup> revenue forecast. The current picture is that they are roughly somewhere around \$3 billion dollars short to where they were last biennium as far as resources. There are some estimates/assumptions in place that could take that shortfall as high as \$5 billion dollars. Given that kind of shortfall, the agencies have been asked by the Governor and the Legislature to submit 30% reduction packages. There is an announcement out by the legislative co-chairs of the Ways and Means Committee that these are simply guidelines for them to follow, but he believes the reality is that agencies are going to have to go through some reduction proposals. **Crager** adds that the 30% reductions are to both General Fund and Lottery Fund dollars. The department's Lottery Fund dollars are dedicated because we have already issued bonds or paid the debt service on them, so we are still required to take that proportionate share of lottery bond cuts in our General Funds. So for the department, a 30% cut really means a 50% cut to its General Fund programs, and that is what we have submitted and what will be released today. There are only three areas: Homeownership Assistance, Homeless Programs, of which there are two – the statewide Homeless Assistance Program and the Emergency Housing Account, and the third being the Food Assistance Program. Through this cut, there would be an elimination of the Homeownership Assistance Program, the Statewide Homeless Assistance Program, and a 33% cut to the Emergency Housing Assistance Account. **Santos** complements the agency for not only working through these very difficult decisions, but making it clear to the Governor's office and the Legislative Fiscal Office, and the legislators. **Lamont** asks if there is anything to indicate a turn around.

**Santos** states that they are not certain where the bottom is yet, and that is another thing that the Governor has taken a position on about his use of Reserve Funds, in that if they utilize all the Reserve Funds in this budget period, come the end of this session there will be no reserves left. The Governor's position has been that we can keep some of the reserves, such as the Education Stability Funds and Rainy Day Funds, so that if the legislature comes back in January 2010, we can have a better assessment as to where we are and if we need to utilize those resources at that time.

**V. APPROVAL OF MINUTES:**

**A. Chair Medinger** asks if there are any corrections to the February 27, 2009 Minutes. There being no corrections, the Motion was read:

**MOTION: LaMont moves that the Housing Council approve the minutes of the February 27, 2009 Council meeting.**

**VOTE: In a roll call vote the motion passed. Members Present: John Epstein, Maggie LaMont, Stuart Liebowitz, Francisco López, Jeana Woolley, and Chair Larry Medinger. Absent: Scott Cooper**

**VI. SINGLE FAMILY REPORT: Dona Lanterman**, Single Family Unit Manager, and **Craig Tillotson**, Single Family Loan Specialist. **Lanterman** explains that the amount of loans for last month is lower than last year, and the reason is that the department temporarily suspended the loan program on March 17. There are approximately 325 on the reservation list, which is about \$52 million, and she anticipates that the funds should be expended in the next 60 days. **Tillotson** states that the department is fully reserved and it has a waiting list from the lenders. They are telling lenders that they can qualify a borrower for a market rate loan at the same time they put them on the waiting list because there is no cost, and no lock fee. **Lanterman** adds that the lock is for one-hundred and twenty days, and then they have another extension period of sixty days. **Tillotson** says that the current rate is 4.5%, whether it is a conventional uninsured loan, FHA loan, or USDA Guaranteed Rural Loan. The market rate now for a conventional loan is about 4-5/8%; FHA would be closer to 5%.

**VII. NEW BUSINESS:**

**A. 310 Columbia Blvd.**, Housing PLUS Allocation Request (St. Helens, OR). **Roberto Franco**, Director's Office Liaison, introduces **Jim Tierney**, Deputy Directory of Community Action Team, and **Vince Chiotti**, Regional Advisor to the Department. He gives an overview of the Housing PLUS program and the write-up contained in the Housing Council packet. He explains that 310 Columbia Blvd. is a rehabilitation project that will provide 2 units of permanent supportive housing for either individuals or small families. Each unit will have 2 bedrooms in order to accommodate a small family. The proposed rehabilitation for which funding is being requested, includes new insulation for the property, upgraded plumbing, electrical work, windows and siding, and interior finishing. Community County Self Help, Inc. is an arm of the community action agency that handles the real estate side of their business. They own the property and they will donate it for this purpose. The community action agency will operate the project. **Lamont** asks what their plan is for continuing on with the project after the Housing PLUS dollars are gone. **Tierney** explains that they built the budget with standard 60% rents, and then as people's incomes go up it is their expectation to ask

them to pay more rent. If some of the other resources were to go away, they could fit it into their ongoing operation. They would be able to serve fewer people, but they could keep the property functioning using other resources. **Epstein** asks what a new duplex would cost in that area. **Tierney** says it would be a little more than twice that amount (around \$450,000-\$500,000). **Epstein** asks about the amount of time it takes to move people from transitional housing to more stable housing. **Tierney** explains that the definition of transitional housing is six months or less. There is a significant fraction of people that are in need of transitional housing who can move through the system that quickly; however, there is a wide variety of people (some with alcohol and drug issues, some with training issues, some with permanent disability issues) that need services virtually indefinitely. Those individuals could stay so long as there is funding to cover the services. **Cooper** asks about how projects like this one get priority over some of the projects that applied for CFC funding. **Chiotti** explains that many of the other projects that applied for CFC funding were asking for other funding, such as HOME, Trust Fund, and OAHTCs. This request for application was primarily for Housing PLUS funds. Also, when this process was set up there was an intention of getting to some smaller communities that would not be able to get through the normal CFC process. **Cooper** asks if the burden is on the applicant to figure out what route they want to go through to get funding. **Franco** states that the RFA was published in July 2008, for non-entitlement communities, and the department made it clear that this was a chance for less metro-communities to apply. Money was set-aside for the other projects that would have come through the CFC process. When they reply to the RFA (there were about 9-10 applications) we review them as they come in and we work with the sponsor who works through the application, unlike the CFC. Some of the other communities that could have applied for the RFA chose not to apply.

**MOTION: López moves that the Oregon State Housing Council approve \$176,000 in Development Dollars, and \$52,000 in Supportive Services and Rental Assistance from Housing PLUS for the rehabilitation of 310 Columbia Blvd. in St. Helens, Oregon. This approval for funding is contingent upon Community Action Team meeting all Housing PLUS requirements and conditions of award.**

**VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, John Epstein, Maggie LaMont, Stuart Liebowitz, Francisco López, Jeana Woolley, and Chair Larry Medinger.**

**B. *Rogue Retreat*, Housing PLUS Allocation Request (Medford, OR).** **Roberto Franco**, Director's Office Liaison, introduces **Chad McComas**, Board Chair of Rogue Retreat, **Harold Nelson**, Board Member of Rogue Retreat, **Betty Wolff**, Board Member of Rogue Retreat, and **Karen Clearwater**, Regional Advisor to the Department. **Franco** gives an overview of the write-up contained in the Housing Council packet, explaining that this project is an acquisition and rehabilitation project to provide 11 units of permanent supportive housing for individuals and families in the Medford area. The property will have ten one-bedroom and one two-bedroom units. The major part of the funding is to pay off the debt, and by doing that they are preserving at least ten or eleven units for homeless families, bringing them up to a standard to give individuals a better living environment. **LaMont** points out that this property was built in 1926 and the rehabilitation amount is not substantial (about \$226,000), and asks what is included in the rehabilitation. **McComas** explains

that they have indentified local contractors and workers that will donate some of their time, and they have an asphalt company that will donate half of what it will actually cost to pave the parking lot. **Liebowitz** says he wants to acknowledge and thank Roberto Franco for getting Housing PLUS recipients in touch with DHS, which might have additional dollars to make the Housing PLUS service dollars go further.

**MOTION: Liebowitz moves that the Oregon State Housing Council approve the allocation of \$990,000 in Housing PLUS and \$50,000 in Trust Fund for the acquisition and rehabilitation, plus \$286,000 for rental assistance and supportive services in Housing PLUS funds to the Rogue Retreat housing project in Medford, Oregon. This approval for funding is contingent upon Rogue Retreat meeting all Housing PLUS and Trust Fund requirements and conditions of award.**

**VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, John Epstein, Maggie LaMont, Stuart Liebowitz, Francisco López, Jeana Woolley, and Chair Larry Medinger.**

C. *The Glade*, HOME Funds Increase Request (Warrenton, OR). **Mike McHam**, Appraiser and Market Analyst, introduces **Bonnie Johnson**, Consultant, **Carol Snell**, Executive Director for Northwest Oregon Housing Authority, and **Vince Chiotti**, Regional Advisor to the Department. He says this is a proposed 12-unit complex targeting the chronically mentally ill in Warrenton, Oregon, and gives an overview of the write-up contained in the Housing Council packet. He explains that the project was originally funded in the Spring of 2007, and came before the Council at that time because there were HOME funds as well. Since then, there have been increased costs to the project. The first and biggest was an under estimation of site preparation costs of roughly \$195,000. After funding they discovered that the site is sitting about four feet lower than it needs to and basically the ground water is coming up to that point which creates a very bad construction situation. The site will need to be lifted approximately four feet. Combined with that, the HOME regulation is requiring how the ground water is to be held on site and treated. Secondly, there have been increases in residential building costs over time of approximately \$67,000. Thirdly, there have been increases in contractor overhead and profits since the time of application of roughly \$60,000. They also added the addition of a capitalized reserve for a replacement account on this project of roughly \$30,000 to make sure it stays whole for a longer period of time. He refers to the table in Council's packet that summarizes the costs, pointing out that most of the increases are in construction costs. Discussion follows. **Woolley** asks if they did a competitive bid or if they just had the one bid. **Johnson** says they had one bid and that it is going out for bid right now to sub-contractors and is subject to them being able to use the sub-contract prices. The cost will be lowered if they get the prices as their estimate indicates. Further discussion follows. **Medinger** states that if there were three general contractor bids Council would not be looking at line items and would not be asking for proprietary information because it would be a competitive bidding situation. He suggests tabling the motion until next month. **McHam** asks if it would be acceptable to e-mail to Council prior to next month's meeting a summary outlining the cost increases. **Crager** says yes, so that Council can review the information prior to the May 1 Council meeting.

**MOTION: LaMont moves that Council's decision be tabled until May 1, 2009.**

**VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, John Epstein, Maggie LaMont, Stuart Liebowitz, Francisco López, Jeana Woolley, and Chair Larry Medinger.**

**VIII. OLD BUSINESS:** None.

**IX. REPORTS:**

**A. *Neighborhood Stabilization Plan Update.* Dona Lanterman, Single Family Loan Program Manager, and Becky Baxter, Loan Closer, distribute a handout outlining the Neighborhood Stabilization Program II, and give an overview. Cooper asks if local government, state government, and non-profits are all able to apply competitively, and if it is a fair assumption that there is a general allocation guideline for each of the states and that those locals that end up applying successfully will be reducing the State's share. Lanterman says yes, under NSP II. Cooper asks if there is a mechanism in place to monitor what is going on with our partners to ensure that we are all in sync. Baxter says yes, they have been talking with partners. Woolley asks what the amount is for NSP I and II. Lanterman says it is \$19.6 million for NSP I, and \$9-\$11 million for NSP II.**

**B. *Legislative Update.* Lisa Joyce, Legislative Relations Manager, distributes a Legislative Update (effective April 3, 2009) and a summary of HB 2067 -2 Amendment (Oregon Tax Credits) and gives an overview of each document.**

**C. *Federal Stimulus Plan Update.* John Fletcher, Senior Policy Analyst, distributes an ARRA Update dated April 1, 2009, and a Federal Economic Recovery Implementation Weekly Report dated March 27, 2009, giving an overview of each. Cooper asks that since approval is needed from the legislature prior to allocating funds, when they are no longer in session, if E-Board approval will suffice. Fletcher says yes, if they are out of session the department can go to the E-Board to request limitation.**

**D. *Report of the Chief Financial Officer.* Nancy Cain reports the following:**

- *Housing Bonds.* Some housing bonds are beginning to be issued, which is a positive sign. Interest rates are still very high, with mortgage rates being 5.45-5.50% (or perhaps even higher on the single family program and a lot higher on the multi-family). The National Council of State Housing Agencies (NCSHA) has been working with both the US Treasury, Fannie Mae and Freddie Mac to solve two of the issues, which are selling the bonds and liquidity. Liquidity is important because when we issue variable rate bonds, we need to have a party that will buy those bonds. If there is no market for those bonds then basically we are in the market every week when we issue variable rate bonds. A liquidity provider (at a reasonable rate) is extremely important to our ability to issue bonds. The department recently had a meeting with one of its participants who has bought a lot of our conduit bonds and they are optimistic about returning to the market.

- *Moody's* is taking a general look at all agencies and then, based upon about six parameters, they will decide which agencies needed a closer look. They are not looking at the department in depth quite yet, but they have done some preliminary analysis.

- *Federal Auditors* are at the department doing some interim work on federal programs.

- *Reduction Options.* Legislative Fiscal has asked that all departments submit a 30% reduction to the Governor's Recommended Budget. The department's philosophy is to eliminate General Fund contributions to the Homeownership Assistance program, and split the rest of the reductions between SHAP and Emergency Housing Account. After a careful review, the department has suggested that the SHAP program be eliminated if 30% reductions are implemented. There are a number of reasons for that decision: our ten-year plan to end homelessness moves us as an agency to more permanent housing; also, the Emergency Housing Assistance program is very flexible so we could still develop resources in meeting immediate needs without having a separate program, and if we cut the Emergency Housing program it is a double hit because we would lose the General Fund contribution and the interest that we would have earned on those funds.

**E. Report of the Deputy Director. Rick Crager** reports the following:

- *FHA's 75<sup>th</sup> Anniversary Proclamation.* Staff will draft the Proclamation and bring it back to the May 1 Council meeting for approval.

- *Reduction Options.* **Crager** distributes a spreadsheet of proposed 5% to 30% reductions to the 09-11 budget, stating that none of the decisions Nancy talked about in her report are easy, and when General Fund resources are potentially being cut in half, there will be huge impacts and decisions must be based on the best prioritization possible. The Emergency Housing Account enables the department to continue to serve the homeless population with flexible dollars that could still be used for statewide Homeless Assistance Program activities. That was the primary reason behind cutting the statewide Homeless Assistance Program. The department's strategy has been to preserve the food program because there are very little state resources that go into the Oregon Food Bank, so a decision has been made to keep that and hold it harmless.

- *Housing PLUS.* Roberto Franco has been working very hard on the Housing PLUS program and staff has been meeting consistently with the Department of Human Services to see where there might be funding opportunities through the ARRA.

- *Project Homeless Connect.* He attended two events last month. Lane County had nearly 1,300 participants, and Marion County had approximately 600 participants. Typically these events are held for counties that have 10-year plans to end homelessness and it is an event in which they invite the homeless population to come for a day and they provide information to connect them to services. Some of the on-site services provided are free meals, haircuts, medical facilities, veterinary checks for their pets, and bicycle repair. **Woolley** asks about how many of the counties in the state have long-term homelessness plans. **Crager** says that at last check there were eleven counties that had either a plan done or were in the process of doing a plan. **Cooper** points out that one of the important things to remember when it comes to homelessness plans is that in the more rural parts of the state you have to first begin building the constituencies that a plan is even needed, because the biggest issue they have for homelessness is denial.

**F. Report of the Director. Victor Merced** reports the following:

- *The Oregon Way Advisory Group.* There will be a series of meetings over the next few weeks to look at projects that focus on job creation, local sourcing, workforce development,

energy impact, integration, and applied innovation. As more information is available he will report back to Council and ask for their help in identifying projects to submit to the Oregon Way Advisory Group for an eventual application to the federal government. **Woolley** says she has heard indirectly that a lot of the workforce money is going to be pushed through big organizations like Workforce, Inc., and asks if that is the way those dollars are going to be distributed in terms of who ends up being a partner. **Merced** says that has not been discussed at the Oregon Way meetings yet. The Governor is asking the committee to be creative and think outside the box, and to utilize best practices in implementing this. The Executive Order is very explicit about job creation and local sourcing. At yesterday's meeting a lot of the Oregon Way Advisory members questioned the methodology for talking about the number of jobs that are created in the community, and they want that number to be backed up with credible data, and they want to know exactly what those jobs are. **Cooper** states that an area of community infrastructure that is important for the department's mission to alleviate poverty and try and help people rise up out of homelessness that is not getting any attention in this current economic downturn, is what is going on with childcare. With the downturn in the economy there are a lot of people who are starting to pull their children out of childcare centers and the childcare centers are starting to quietly close their doors. The entire infrastructure is disappearing in a state which already does not have adequate infrastructure. That obviously has implications for the family's ability to work and to pull themselves out of poverty situations. It has long-term social implications, employment implications, and recovery implications. It is a huge problem. AFS has also cut its subsidies for childcare for families and there is no where to take these children, and there is no way for these centers to stay alive. He says as far as he knows, this is not being considered in the stimulus discussion, and if that piece is not raised, we are going to find ourselves at the end of this with no where to put any of our children. Childcare centers are also a transitional path for low-income people who are trying to enter the workforce for the first time. He asks that Merced try and get that on the committee's agenda.

- *Stimulus Meeting With Partners.* The department had a great meeting last week with its partners and he has received good feedback.

**G. Report of the Chair.** No report given.

**X. FUTURE AGENDA ITEMS.**

- Presentation by the Community Land Trust Coalition.

**Chair Medinger** adjourns the meeting at 1:20 p.m.

/s/ Larry Medinger                      June 5, 2009  
Larry Medinger, Chair                      DATE  
Oregon State Housing Council

/s/ Victor Merced                                      6/17/09  
Victor Merced, Director                                      DATE  
Oregon Housing & Community Services.