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.
July 23, 2010

MEMBERS PRESENT
Tammy Baney
John Epstein
Francisco López
Nancy McLaughlin
Jeana Woolley

MEMBERS ABSENT
Maggie LaMont, Chair
Mike Fieldman

GUESTS
Tom Cusack, Oregon Housing Blog
Kelly Olson, Secretary of State - Audits
Barbara Ross, Corvallis Homeless Shelter Coalition
Gina Vee, Corvallis Homeless Shelter Coalition
Jonathan Hayes, Corvallis Homeless Shelter Coalition
Aleita Hass-Holcombe, Corvallis Homeless Shelter Coalition
Tom Hatley, Community Services Consortium
Martha Lyons, Community Services Consortium
Keith Wooden, Housing Works

STAFF PRESENT
Victor Merced, Director
Rick Crager, Deputy Director
Nancy Cain, Chief Financial Officer
Bob Gillespie, Housing Division Administrator
Pegge McGuire, Community Resources Division Administrator
Marlys McNeill, Asset and Property Management Division Administrator
Mike Kaplan, Oregon Homeownership Stabilization Initiative Administrator
Karen Chase, Regional Advisor to the Department
John Fletcher, FMD Policy Advisor
Lisa Joyce, Policy and Communication Manager
Roberto Franco, Single Family Section Interim Manager
Roseanne Ward, Financial Services Manager
Tim Zimmer, Weatherization Assistance Manager
Aria Seligmann, Senior Communication Advisor
Melissa Torgerson, Energy Policy and Programs Coordinator
Frank Silkey, Architect
Roz Barnes, Loan Officer
Jo Rawlins, Recorder

I. CALL TO ORDER: Interim Chair John Epstein calls the July 23, 2010 meeting to order at 9:05 a.m.

II. ROLL CALL: Interim Chair Epstein asks for roll call. **Present: Tammy Baney, John Epstein, Francisco López, Nancy McLaughlin and Interim Chair Epstein. Absent: Mike Fieldman, Jeana Woolley (arrived at 9:25 after roll call), and Chair Maggie LaMont.**

III. PUBLIC COMMENT: None

IV. APPROVAL OF MINUTES

A. Interim Chair Epstein asks if there are any corrections to the June 11, 2010 Minutes. There being no corrections, the Motion was read:

MOTION: McLaughlin moves that the Housing Council approve the Minutes of the June 11, 2010 Council meeting.

VOTE: In a roll call vote the motion passes. Members Present: Tammy Baney, Francisco López, Nancy McLaughlin and Interim Chair Epstein. Absent: Mike Fieldman, Jeana Woolley and Chair Maggie LaMont.

V. **<u>RESIDENTIAL CONSENT CALENDAR</u>**: None.

VI. **<u>SPECIAL REPORTS</u>:**

A. *Governor's Update.* **Danny Santos**, Governor's Policy Advisor, distributes a copy of the Governor's press release dated June 25, 2010 regarding the Reset Report. He thanks the Council members for their service, says the Governor's office is winding down, and that they have had a great working relationship with the Council, the department, and its staff. He gives the following report:

- *Reset Report.* Because of the economic situation, the Governor established the Reset Cabinet to look at the whole spectrum of services the state and state government provides to make sure it has the most efficient and accountable system possible.
- *Budget.* Currently in the 09-11 biennium, the state faces a $577M budget whole. The Governor's authority to deal with that is called the allotment process. It is an across-the-board cut process and, in order to balance the budget, the Governor did use his authority using this mechanism. It was a 9% reduction in General Fund budgets across all state agencies. It appears the next biennium's budget hole is $2.7B. With the allotment reduction of 9%, plus the roll up costs associated with it, it is closer to $900M in savings, which brings us to a $1.8B budget hole at the start of the 2011 Session. The other reality they are facing is that the economy has bottomed out and they are starting to see some increases in the recovery, which they believe is going to be far slower than the decline. There are some possibilities in the very short term for Congress to act. There are two primary areas they are looking at: Education funds coming to the states and FMAP, which is basically Medicare/Medicaid Funding. If those two take place, it would be a big benefit to the state.
- *Special Session.* The Legislature is looking at options of having a special session in September. The focus would most likely be how to assure that education does not get cut to the current levels.
- *Transition.* He will be working with the department to put together a document that outlines some of the accomplishments of the department so that the new governor and their staff will know about those issues and what the activities are of the agency. They will also be working with the budget issues for the 2011 Session and the legislative concepts of the agency.

Baney says that one of the things she does not hear about the reset efforts is that it won't matter how much money is spent on education if children are not entering classrooms ready to learn. She would love to hear more about the linkage between families and employment, and that food insecurity and shelter could be hindering their ability to utilize the funds that are being spent. **Santos** comments that the federal government has put in place the Early Childhood Council to address how to get children ready to learn. He says the state has always faced these issues. If investments can be made early, everyone can benefit, but they have never succeeded in making those investments. Legislators recognize that those choices have a better return on investment than anything else, but when they get down to revenues, they find themselves not getting to those choices. Hopefully this Council can help put some of those pieces together. **López** says he has been in Central Oregon, having conversations with many people, and asks how we can target that area that is experiencing slow and very slow recovery. **Santos** responds that the Governor's economic revitalization teams have five regional offices, and they continue to engage them about job development and other opportunities. **Epstein** comments that the agency is always looking for ways to generate revenue and cut costs. He asks how they can ensure that if the agency takes proactive actions to make the agency economically strong, legislative sweeps do not remove what the department is trying to do. **Santos** says the department should continue with the quality of work it is already doing, leveraging the resources with other resources and fees, and to continue communicating with the Governor's office and the legislative entities about the work the department does. The message that this agency and many others have to give is to inform the public that the programs are not run with slush funds. There is a purpose for them and a way that the funds are utilized. If they are not utilized, many services will end. **Merced** says he read the report, and one thing he found missing was the notion of privatization of government. He asks if there have been any discussions about potential restructuring from that perspective. **Santos** states that those issues do come up, and it always comes down to benefit, cost savings to the state, and maintenance of the service level. The agencies this has come up regarding are corrections, education, the university system, and the OLCC.

VII. NEW BUSINESS:

A. *Housing First* (Corvallis, OR), Housing PLUS and Trust Fund Request. **Roberto Franco,** Single Family Section Interim Manager, introduces **Barbara Ross**, Corvallis Homeless Shelter Coalition, and **Karen Chase**, Regional Advisor to the Department. He gives an overview of the write-up contained in Council's packet, and explains that the Corvallis Homeless Shelter Coalition is a local non-profit organization that has operated a men's cold weather shelter for the past four years. Housing First will be a turnkey acquisition and re-developed project in Corvallis to provide permanent supportive housing for single men and women experiencing long-term homelessness. Some of the future tenants will have mental illness, alcohol and drug disabilities, and /or physical disabilities. Benton County's 10-year plan to end homelessness lists the housing first and permanent supportive housing models as key strategies and response to stop chronic homelessness. Because Corvallis is a college town there is little affordable housing. The demand and rents are high because of the continued need presented by the student population. For people experiencing homelessness the market is much harder. They will not have a good credit or rental history or the means to cover a first/last month rent, or rental deposits and fees. This will be the first permanent housing for homeless persons in the area, and the first to come out of the community's 10-year plan to end homelessness. At the core of the planned services and support for the future residents at the Housing First is housing stability. The Coalition works with individual people to obtain stability in their lives. This proposed project provides the next step after the shelter services to break the cycle of homelessness. Future tenants will receive help to access needed services for mental health issues, substance abuse outpatient treatment, securing benefits, life skills and financial coaching, employment training opportunities, and access to basic necessities. The Benton County Mental Health Services is one of the most prominent partners in the services provision. There is no debt on the project. **López** asks where the other $300,000 will come from. **Franco** explains that $250,000 is coming from the City of Corvallis HOME program, which is a grant, and $50,000 as a matching grant from Spirit Mountain Community Fund. **López** asks how many people will be housed. **Ross** says there are seven apartments; one is a one-bedroom and the rest are two-bedrooms. They are required to accept couples with children, so around 14 people will be housed. **López** asks if they have a commitment from the Benton County Mental Health to provide their support services. **Ross** answers yes.

McLaughlin asks if there are eight units, or seven units. **Ross** explains that there are eight units in the building, but one is used for the on-site property manager. **Woolley** asks what the square footage is of the building. **Frank Silkey**, Architect, says it is 7,656 square feet. **Woolley** asks what the $30,000 development funds will be used for. **Franco** says it is to pay for a consultant, the architect, appraisal, and necessary costs to get to this point. **Woolley** asks how they plan to furnish the units. **Ross** states that they have already received an agreement from the local furniture share organization agreeing to furnish all of the units for a cost of about $400 per unit. **Baney** asks how they will determine the criteria for who will get the units, and what type of outcomes will be used to determine if it made a difference in the lives of the people served. She asks if there is tracking and, if so, what it looks like. **Ross** explains that there were 138 homeless persons on the streets, plus 70 in shelters on the night of the count. The criteria to get in will be that they must be chronically homeless, which means being homeless for one year or having repeated periods of homelessness. The HOME funds require that they accept children as well, if they meet the criteria. They cannot have had a violent episode within the last year, and must have the capacity to control behavior to live peacefully with their neighbors. The Housing Authority will have the ultimate decision on who is accepted. It is based on safety and capacity to live with their neighbors. **Franco** adds that, under Housing PLUS, there is a priority population that has to be targeted in these units. There is a requirement that their progress be tracked, and the sponsor provides an on-going performance report. **Woolley** asks if there will be a limit on how long anyone can stay in a unit. **Franco** states that it is permanent, and there is no time limit. **Woolley** asks how long he thinks the $182,000 will last. **Franco** says that with Housing PLUS the $182,000 can be carried for a full 4-year contract, and the sponsor has to find other local resources that can tap in. **Ross** adds that they think this is an important issue for them to plan for and they have done so since the beginning. She says they have some very good models that give tenants the opportunity to work, but also make profit for the project. They intend to continue their fundraising efforts so they can save funds and make sure they do not spend their subsidies too rapidly.

Woolley asks how they are going to structure the agreement with the owner that is selling them the property to make sure that they do not have to come back to Council in five years asking for money to deal with the construction that needs to be rehabbed. **Ross** says that first, the OHCS architect has reviewed their plan; second, they have hired the best architect they can find to re-do the plans; and third, Corvallis has a top quality inspection program. Also, at Frank and Roberto's suggestion, they are employing another representative of the owner to visit the project weekly. **Woolley** suggests that, since they will be buying the units from the owner, it might be good to have reference checks done on the contractor. **Epstein** says they might want to assure the warranties are assignable to them.

> **MOTION: López moves that the Housing Council approve the allocation of $360,000 in Housing PLUS and $150,000 in Trust Fund for the acquisition, plus $182,000 for rental assistance and supportive services in Housing PLUS funds to the Housing First development project in Corvallis, Oregon. This approval for funding is contingent upon the Corvallis Homeless Coalition meeting all Housing PLUS and Trust Fund requirements and conditions of award.**
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> **VOTE: In a roll call vote the motion passes. Members Present: Tammy Baney, Francisco López, Nancy McLaughlin, Jeana Woolley and Interim Chair Epstein. Absent: Mike Fieldman and Chair Maggie LaMont.**

B. *Pelican Place Apartments* (Newport, OR), General Housing Account Program (GHAP) Funding Increase Request. **Roberto Franco,** Single Family Section Interim Manager, introduces **Tom Hatley**, Community Services Consortium, **Martha Lyons**, Executive Director, Community Services Consortium, and **Karen Chase**, Regional Advisor to the Department. **Franco** explains that the Community Services Consortium purchased Pelican Place, a 12-plex for permanent supportive housing in May 2009. OHCS provided Housing PLUS ($810,000) and Trust Fund ($150,000) dollars to help finance the acquisition and rehabilitation. The proposed rehabilitation at the time included minor improvements and recommendations from a pest and dry rot inspection. The total estimated rehabilitation cost and approved budget was $65,000. After purchase, Community Services Consortium completed a relocation process of existing tenants and prepared a bid package for interior work. Soon after all tenants were relocated, there was a water heater leak on the upper floor damaging three of the units. During the cleanup process, evidence of extensive mold and moisture damage was discovered, particularly on the exterior gypsum. In order to assess the extent of the damage, CSC hired RDH Building Sciences, Inc. of Portland. Through exploratory openings, mold testing and observation, the RDH report indicated the building had significant deferred maintenance issues. The most significant cost increases are due to the rebuilding (reconstruction) and architectural services. The difference between the original application cost estimates and the new estimates to fully remediate the site is $257,308. The increases are all part of the package to remediate the moisture related to damage to the building. As Community Services Consortium goes through the construction process, they intend to look for potential savings and, along with the architect and contractor, will look at project scope and specifications at weekly site meetings. They do not, however, expect a lot of reductions in the scope of work to reduce project costs. It is not possible to reduce the scale of the project. In order to mitigate the cost increases and financing gap, Community Services Consortium has primarily focused on grant writing to foundations and has dedicated other organizational resources. Community Services Consortium could resubmit an application to the Federal Home Loan Bank if they have another round; however, a successful application depends upon getting a letter from City of Newport officials stating that the building is substandard, but the city officials refused to provide the letter for the first application since building codes had no definition for sub-standard. This was worth five points in the Federal Home Loan Bank application.

Lyons states that she wants to stress that this building was sided over failed siding. The fact that the siding has failed would have typically shown up in the inspection, but their inspector did not pick that up. They will pursue all avenues that they need to pursue with the former owner of the building and the insurance company to see if they can close any further gap to ensure that the building remains debt free. **Epstein** asks about local support for the project. **Hatley** answers that they received funds from Lincoln County and the title company, and they are looking to foundations. **Baney** states that often her county would look to the state for a definition and asked if that ever came up with regard to "substandard." **Lyons** adds that they respectfully made that suggestion to Lincoln County, and they are working on it, but there was the timing issue. She says that even with the five point deficit they are number four on the waiting list for the last set of funds, but for a code issue with Newport they would have been over the threshold.

Woolley says she will support this request, but this goes to the point she made earlier, that somehow we need to help our partners figure out how to protect their interests and the interests of the owners who are selling their buildings. There needs to be something in our agreements regarding due diligence because it is more expensive to fix. **Lyons** says they will pursue conversations with the seller and the agent. They have addressed the deferred maintenance problems, and they are borrowing for the future costs. **Woolley** asks if they have a signed contract for the work. **Hatley** says they do. **Woolley** asks if they have a signed proposal for the additional work. **Lyons** explains that they have the original contract for the work originally anticipated, and because the balance of the work was so extensive, they went out for an RFP and had people look at the project.

Epstein points out that their organization has made a loan to this project at 0% interest, and asks if any money they get will be used to pay back their loan, so the department's money would be left as a grant. He asks what their motivation is and if they are trying to pay back their own loan. **Hatley** says their motivation is trying to be debt free so the remaining dollars can go to pay for services to the tenants. **Lyons** states that their agency is not set up to make loans at this time. They do not maintain a large amount of money in unrestricted funds. In order to remain financially viable, they do need to pay themselves back. Their motivation is to get people housed. There are no hidden agendas. **Epstein** says he is trying to be fair to them and the department. **Hatley** says there is an additional weatherization fund that has been committed to the project. **Epstein** says Council originally approved this project with them carrying a $47,000 debt. He appreciates them having to go to $84,000 and trying to get that money back. If they get more money, that money first would go to them buying back down to the $47,000, which would take them back to the original application Council approved. He suggests that if they get any money beyond the $47,000, that it be shared so that for every dollar beyond the $47,000, fifty cents would go to them and fifty cents would go to the department. **Lyons** says the cost of improvements is now higher, and asks what if it does not take $100,000 and they do not use up all that money. **Epstein** states that they would submit bills to the department and would draw down. **Crager** comments that essentially what they have suggested is a forgivable loan as opposed to a grant. **Nancy Cain** says that the amount of the grant is dependent on any sources, not that it is a loan. There is no recovery beyond $35,000. 50% of the amount will be repaid to OHCS. **Epstein** says the original loan on this project was $48,000; their new loan is $81,000; so the is difference $33,000. The first $33,000 would go to them; anything beyond that would be split 50/50. **Lyons** says that is very reasonable. **Merced** says the department will work out the amended motion language that will include some sort of sunset provision, and it will be reflected in the minutes. **Epstein** states that Council will approve this and the agency will craft a repayment agreement.

AMENDED MOTION: Woolley moves that the Housing Council approve a funding increase of $100,000 in GHAP funds for the reconstruction of Pelican Place Apartments in Newport, Oregon. This approval for funding is contingent upon the Community Services Consortium meeting GHAP requirements and conditions of award. ***Should additional funding be received for the project beyond $33,662, 50% of those additional funds will be used to pay back the $100,000 Housing Trust Fund award. This requirement will sunset two years from the grant award.***

VOTE: In a roll call vote the motion passes. Members Present: Tammy Baney, Nancy McLaughlin, Jeana Woolley and Interim Chair Epstein. Absent: Mike Fieldman, Francisco López and Chair Maggie LaMont.

VIII. <u>OLD BUSINESS</u>: None

IX. <u>REPORTS:</u>

A. *Document Recording Fee Update.* **Bob Gillespie,** Housing Division Administrator, and **Nancy Cain,** Chief Financial Officer. **Cain** distributes a handout that shows the budgeted dollars, the budgeted revenue to date by broad program area, and a comparison section. To date the department has received over $1M above the projection. She says she believes the receipts have been higher than is expected going forward. During the last two quarters the home buyer tax credits were in effect, and they expect the current quarter to be about where the previous quarters have been. Although the credits ended April 30, closings do not have to occur until September 30. Housing starts are now down 30%. At this point the department is sticking to the original budget amount of $15M. There is also a timing issue. In the last quarter, the money will not be received until the present biennium is over. She says they have to be careful about committing and allocating the last quarter’s resources. **Woolley** asks if these reflect the cuts. **Cain** explains that this is all Other Fund revenue. **Crager** states that the Emergency Housing Account portion of this, which is being collected as Other Funds, is essentially a replacement of General Fund that was cut last biennium. One of the ongoing risks, and a concern to the department is if those revenues grow, then the thought might be that we do not need the General Fund. If you look at the homelessness count, which continues to rise, it is clear that we need even more money to respond to that issue. **Woolley** asks if the department cut the two top programs in General Fund. **Cain** says yes, that is right. **Woolley** asks if they are using the money left for more things. **Cain** says yes. They are asking EHA to do what SHAP was doing before. This is one exception to allocating at the budgeted rate. The department chose to fully allocate what it had received. **Woolley** asks if she thinks allocating the budgeted amount creates any political liability for the department. **Cain** says that by May first they will probably have over-allocated. **Crager** adds that she raises a great question. It will become part of the messaging that we deliver in terms of the need that we have and the dollars that are necessary to fill that need. **Cain** says that any reserves will be allocated prior to May first. **Merced** comments that the political risk is always there. There is a risk in that we are even getting the document recording fee. It is in how we message it and that we get the money out the door when we say we will.

Gillespie says the allocation percentages are legislatively mandated, and the bill was passed by a coalition of a lot of interest groups. The items on the handout under homeownership assistance include training, homeowner education, regional housing centers (includes foreclosure counseling), down payment assistance (to help restart the single family program), and discretionary funds (the idea is to use these for new creative ideas). **McLaughlin** asks if he sees Homeownership Assistance shifting in any way as a result of the Hardest Hit Funds. **Crager** responds that they initially dedicated these dollars, prior to the Hardest Hit Fund being implemented, around the regional housing centers, and that will be a key investment that will compliment the Hardest Hit Fund. In terms of the Other Fund dollars, he says he does not anticipate a major shift. **Gillespie** states that the Hardest Hit Fund is about foreclosure counseling, and they will take a portion of those funds and gear up the regional housing centers to handle that. **Merced** says the department does get foreclosure mitigation money from another federal stream, and it will certainly partner with Hardest Hit and those resources to the regional housing centers. The discretionary fund is something the department likes to call the innovation fund. **Gillespie** states that the General Housing Account Program includes the needs assessment revolving loan fund. He gives an overview of the handout, pointing out that Partner Capacity Building is for organizations throughout the state. The department has done the first RFP and there were six grants at $50,000 each. The department will do another RFP and make awards by June 2011. They are looking for something that creates a permanent result. Training and technical assistance would be contracted by the department and third parties.

B. *Federal Stimulus Plan Update.* **John Fletcher**, FMD Policy Advisor, distributes a copy of the ARRA report and gives an overview. He says the department is on track and meeting all targets. Yesterday, additional appropriation was passed for NSP3 ($1B nationwide; Oregon may be getting about $5M). AmeriCorp funding is nearing its completion date in September.

C. *Housing Council Strategic Plan.*

- *Proposed Agenda Format.* **Victor Merced** deferred this discussion until the next Council meeting.

- *Brochure.* **Rick Crager** distributes copies of the draft brochure and action plans, reporting that Council has reviewed and approved all of the action plans for the seven strategic initiatives. The strategies fall into three themes: clarifying and improving the role of the Council; creating advocacy and outreach opportunities; and understanding and acting on specific policy initiatives. There are lead Council members assigned to each initiative, and changes have been made to reflect the two new council members who have replaced the departing Council members. The handouts show the individual action plans and the steps needed to accomplish each objective.

- *CFC Green Building.* **Bob Gillespie,** Housing Division Administrator, says that one of the most difficult things was to define "green." The department's definition includes energy efficiency, energy generation, indoor air quality, water treatment usage and conservation, tenant education, deconstruction and use of renewable resources. He says they were cautious because it was not defined and they did not want to be in the business of product testing. Attempted green building legislation that did not pass offered the lesson that if the department did not adopt a standard, one would be handed to us. An RFP was done to find a standard, realizing there were different capacities around the state, and it had to work with construction and acquisition/rehab. We asked them to look at the question of adopting a standard or developing one of our own. The answer was to adopt a standard. We were looking for a standard that would be consistent with what was already occurring. We contracted with Greenbuilding Services, and they added the element of assessing the capacity of urban versus rural and what their experience was with different types of green building standards. The conclusion was that they had a preference for two standards. The next step was implementing this for the department, starting in the Spring CFC last year. It was not made a requirement, but it was assigned ten points. Once the department awards an application, we ask that a green building company assess and determine that the project meets the green standard. Upon completion, that same organization will certify that the work was done. This enables our partners to have a shopping list. It was necessary for the department to develop a standard for smaller rehab projects with a shopping list. It is now time to revisit what is being used for acquisition and rehab standards. **Woolley** asks if Council can have copies of the report. **Gillespie** says he will send it electronically.

- *Weatherization Programs.* **Pegge McGuire,** Community Resources Division Administrator, introduces **Tim Zimmer,** Weatherization Assistance Manager, and **Melissa Torgerson**, Energy Policy and Programs Coordinator. She says that one of the things they heard in talking with Stuart Liebowitz and some of the other Council members was the phrase "constructing for deconstruction," which struck her as the best way to talk about the bridge between the Housing Division and the Weatherization Unit. As the projects are developed they have to think ahead. The standards are changing at the speed of light. There may be better technology that allows for greater efficiency a few years down the road, and they may need to go back in and remove the measures they installed and replace them. As they do that they find it is nearly impossible to get the savings measures that are needed from some of the older buildings to make sense and meet the requirements. The department has engaged the services of 3E Strategies to develop some ways between Housing and Weatherization to better integrate what they have planned. **Zimmer** explains that the primary mission of the weatherization program is to reduce energy costs to low-income families. The weatherization program is an energy efficiency program. Over the past ten years things have arisen, technologies have improved and they are finding a lot of issues with mold and moisture. The things that contribute to those issues have to be identified and alleviated. Lead and carbon monoxide are other issues. They want to preserve affordable housing. Weatherization is a renovation program. OHCS contracts with twenty community-based organizations statewide. Three of those organizations are Native American tribes. They have also contracted with county governments, and community action agencies. Income eligibility is the primary determining factor. The current standard is 200% of federal poverty level, and the LIHEAP grant is 60% of state median income, so there are two different income guidelines that they have to follow. After an application is submitted, a certified and trained energy auditor is sent out to assess the property. The energy auditor develops a list of cost effective and health and safety measures. They then identify what they will do and install the energy efficiency measures. Client education is an important part of the program. They require that 100% of all weatherization completions receive an inspection. Technology has changed and they require that there are updates on training. There are many types of sites that they serve: single family site built, manufactured homes, multi-family properties. The majority of what they work on are single family sites.

Woolley asks if there is a maximum grant that can go to a project if it is multifamily. **Zimmer** responds that if they address a multifamily property, at least 66% of the tenants must qualify, so they can attribute a per unit expenditure cost to the number of qualified applicants. They install insulation, air sealing, heating and cooling modifications, compact fluorescent lighting, replace refrigerators, water heaters, microwave ovens, and encourage the replacement of washing machines. Weatherization related repairs have to be included in the cost effective calculation, which would include the repair of a small leak of a roof, to allow insulation to be installed in the attic. The primary funding sources are the US Department of Energy, Weatherization Assistance Program, ARRA, LIHEAP, Energy Conservation helping Oregonians and Bonneville Power Administration. They served 4,626 households in the last fiscal year. Energy savings was 94.1B BTUs as a result of that, or $2.7M in savings. That is equivalent to 16,108 barrels of crude oil, and reduction of carbon emissions by 1,587 tons. Before ARRA they served 3,800 households. With ARRA they have reached their goal and served 1,764 additional households. Employment impacts with ARRA funds will continue to go up for one more quarter and then will be at full capacity. The newest requirement with ARRA dollars is to ensure that Davis-Bacon wages were paid. **McGuire** says there was also a burdensome accounting piece that needed to be done, which gave the CAP agencies extreme levels of concern. A staff person was added to help walk people through that process. **Zimmer** adds that it has allowed them to track every hour that has been worked -- 67,592 hours at the job sites. **Crager** states that Council needs to decide what to do with the reports on sustainability. **Woolley** says she would like to have reports with recommendations. **McLaughlin** suggests that this will role into policy and other parts of the strategic plan.

D. *Oregon Revised Statute Redraft.* **Rick Crager** distributes a redlined copy of language recommended by Dee Carlson in order to clarify the role of Council regarding advising versus developing policy. The current language in the statute contains leftover language from the combination of the Council as a housing agency and community resources. The language has been drafted as a legislative concept. He asks that Council review it and give him any comments they might have.

E. *Oregon Homeownership Stabilization Initiative Update.* **Mike Kaplan**, Oregon Homeownership Stabilization Initiative Administrator, reports that the department has been working with Treasury to get the final proposal approved. Articles of Incorporation have been filed and Bylaws prepared for the entity that is being formed to receive the funds. The Department of Justice has issued their legal opinions. DOJ felt there might be a conflict of interest, so private legal counsel for the entity has been retained. The department will be working on the issue of where state funding ends and funds for the entity begin. Over the next couple of weeks he will be hiring staff as quickly as possible. The department will reach out to the community to those who will be working with the agency on this program, including banks, regional housing centers, and local government officials. He says they will continue to refine the programs, the design of them, how to implement them, and how to report to Treasury.

McLaughlin asks about the timing for closing and for getting the dollars out. **Kaplan** says the final proposal will be submitted later today, and closing is scheduled for August 3rd. **Crager** comments that Treasury thought the department was a little ambitious in terms of how it was describing itself as "fully" operational. We said 120 days, but have changed that to 150 days to be operational. **Woolley** asks who the department has hired as legal counsel. **Crager** says it is Orrick, Herrington and Sutcliffe. The firm has a lot of experience with housing finance agencies and they have been the department's bond counsel in the past. They have also been working with California and Nevada to close their Hardest Hit Fund transactions.

F. *Report of the Chief Financial Officer.* **Nancy Cain** reports that the department's budget narrative is being finalized and is due to DAS on Monday, August 2. The department is in the process of selling two refunding issues for single family in the amount of $93.9M. The expected closing date is August 24. They are also doing a refunding issue on the MultiFamily Housing Revenue Bonds, which is in the risk share bond indenture. The financial statement audit is beginning.

G. *Report of the Deputy Director.* **Rick Crager** reports that he has already given his report by the items he discussed in today's meeting. At the next Council meeting, Council will be approving CFC awards. The CFC process has included third party evaluations, which has not been done in the past.

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

- The next Council meeting will be at an off-site location.
- The Community Action Partnership of Oregon's board would like to have another joint meeting with Council, either in December or February.
- He reminds Council that NCSHA is having board training for HFA board members in Portland and asks them to let him know today if they are interested in attending. The department has been asked to either set up a sustainability panel, or a tour of some of the projects in downtown Portland.

X. <u>FUTURE AGENDA ITEMS</u>. **Merced** says that according to the Council Bylaws, Council can appoint a Vice Chair, which will be discussed at the next meeting.

Interim Chair Epstein adjourns the meeting at 1:04 p.m.

<u>/s/ Maggie LaMont</u>	**<u>8/27/10</u>**	**<u>/s/ Victor Merced</u>**	**<u>8/27/10</u>**
Maggie LaMont, Chair	**DATE**	**Victor Merced, Director**	**DATE**
Oregon State Housing Council		**Oregon Housing & Community Services**	