



# Oregon

Governor Kate Brown

## Oregon Housing Stability Council

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August 5, 2016

### Oregon Housing Stability Council Meeting Minutes

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*\* Chair Dickson was absent from the meeting this month and Councilmember Baney stepped in as acting chair. Councilmember Arreola will be joining the call at about 10:00am by phone.*

Acting Chair Baney called the meeting to order at 9:05 a.m.

Councilmember Geller identified herself as one of the callers on the phone line.

Acting Chair Baney then asked for a moment of silence to show support for Chair Dickson. She then asked for the roll call.

Council member	Present	Excused	By Phone
Mayra Arreola			X*
Tammy Baney	X		
Mike Fieldman	X		
Anna Geller	X**		
Zee Koza	X		
Marissa Madrigal	X		
Adolph "Val" Valfre	X		
Chair, Aubre Dickson		X	

*\* Joined the meeting by phone at approximately 9:35 a.m.*

*\*\*Joined the meeting in person at approximately 9:30 a.m.*

### **Public Comment**

Acting Chair Baney invited those in attendance to provide general public input. No input was noted for the record.

### **Draft Meeting Minutes for Approval**

The meeting minutes from the July 8, 2016 meeting were distributed to Council members prior to the August 5, 2016 meeting and edits received were incorporated into the document presented. Acting Chair Baney asked Council members if they had additional questions or edits. Receiving none, Acting Chair Baney called for a motion to approve the meeting minutes. Councilmember Valfre moved to approve and Councilmember Koza seconded the motion. Acting Chair Baney called for a vote:

**July 8, 2016 Meeting Minutes:**

Council member	Motion	Yes	No	Abstain	Excused
Mayra Arreola					X
Tammy Baney		X			
Mike Fieldman		X			
Anna Geller					X
Zee Koza	2 <sup>nd</sup>	X			
Marissa Madrigal		X			
Adolph "Val" Valfre	✓	X			
Chair, Aubre Dickson					X

**Vote: 5:0:0:3 | PASS**

*\*Councilmember Geller joined by phone prior to the discussion and vote on the Consent Calendar.*

**Consent Calendar – for Acceptance**

- Community Services Block Grant Plan/Application (CSBG)
- Low Income Home Energy Assistance Program State Plan (LIHEAP)

Acting Chair Baney asked Interim Director Seguin to explain the updated process for the "Consent Calendar – for acceptance" portion of the agenda. Interim Director Seguin informed the Council this portion of the agenda will be used to inform the Council on topics not requiring extensive discussion.

Acting Chair Baney asked for discussion on either of the two topics presented. Councilmember Valfre indicated he found the two memos very informative and liked getting a broader picture of the activities going on in the Agency. Councilmember Fieldman stipulated both plans were formulated in partnership with Community Action Partnership of Oregon (CAPO).

Acting Chair Baney asked for a motion from the Council. Councilmember Madrigal moved to accept the consent calendar and Councilmember Fieldman seconded the motion. Acting Chair Baney called for the vote:

**Consent Calendar for Acceptance:**

Council member	Motion	Yes	No	Abstain	Excused
Mayra Arreola					X
Tammy Baney		X			
Mike Fieldman	2 <sup>nd</sup>	X			
Anna Geller		X*			
Zee Koza		X			
Marissa Madrigal	✓	X			
Adolph "Val" Valfre		X			
Chair, Aubre Dickson					X

**Vote: 6:0:0:2 | PASS**

Interim Director Seguin introduced the Oregon Housing and Community Services (OHCS) staff members who put the two plans together.

Tim Zimmer & David Kaufman prepared the LIHEAP State Plan, while Marilyn Miller & Carie Bauer prepared the CSBG Plan/Application. Acting Chair Baney thanked staff for their hard work on both plans.

**Multifamily Bond Approvals** – *Julie Cody, Assistant Director, Housing Finance, & Danny Gette Loan Specialist*

Mr. Gette reviewed the Plaza Townhomes documentation highlighting key components of the bond application.

Ms. Cody invited the Plaza Townhomes sponsor, Ms. Karen Buckland, to the table to address potential questions from the Council.

Councilmember Valfre asked Ms. Buckland about the current tenants and how they would be relocated during the project.

Ms. Buckland highlighted the plan for the project as follows:

1. Start the rehabilitation in vacant units and maintain those vacancies throughout the length of the project
2. Move other tenants out of their units into the completed units
3. Rehab their units and move them back when completed
4. Continue until all units are completed
5. If there are no vacant units to move tenants into, Community Preservation Partners has plans in place to provide housing and food allowances for the tenants during the rehabilitation

Ms. Buckland specified they are planning for no longer than a 9-day time frame for completion of each unit's rehabilitation.

Acting Chair Baney called for questions from the Council. Hearing no questions, she called for a motion. Councilmember Koza made the motion and Councilmember Madrigal seconded the motion. Chair Baney called for a vote.

**BOND RECOMMENDED MOTION:** Move to approve Pass Through Revenue Bond Financing in an amount up to and not to exceed **\$10,500,000** to Plaza Townhomes Community Partners, LP for the acquisition and rehabilitation of Plaza Townhomes, subject to the borrower meeting OHCS, CITI Bank and WNC & Associates, Inc. (investor) underwriting and closing criteria and documentation satisfactory to legal counsel and Treasurer approval for the bond sale.

**Plaza Townhomes:**

<b>Council member</b>	<b>Motion</b>	<b>Yes</b>	<b>No</b>	<b>Abstain</b>	<b>Excused</b>
Mayra Arreola					<b>X</b>
Tammy Baney		<b>X</b>			
Mike Fieldman		<b>X</b>			
Anna Geller		<b>X</b>			
Zee Koza	✓	<b>X</b>			
Marissa Madrigal	<b>2<sup>nd</sup></b>	<b>X</b>			
Adolph "Val" Valfre		<b>X</b>			
Chair, Aubre Dickson					<b>X</b>

**Vote: 6:0:0:2 | PASS**

**Federal Rent Subsidy Preservation NOFA Timing – Julie Cody, Assistant Director, Housing Finance**

Ms. Cody reviewed the memo on pages 25-28 of the meeting materials packet. You may access the meeting materials packet by clicking [here](#). She quickly reviewed the options in the memo with the Council members.

Rob Prasch stepped forward to make public comment on the options provided by OHCS in the memo. He appreciated the option of a higher subsidy cap for rural projects. He feels making this change will encourage more participation in the rural areas. He also stated that having this process be competitive is a good thing.

Councilmember Valfre asked Mr. Prasch if the \$25, 000 subsidy cap for urban projects was a reasonable amount. Mr. Prasch told the Council he thought the \$25,000 subsidy cap was a good amount.

Acting Chair Baney opened the floor to the Council members. Councilmember Valfre said that it took him a while to determine the differences between the three options but feels good about the recommendations.

Councilmember Koza also felt good about the recommendations and she appreciated the way in which the differences in rural areas were brought out in the options.

Ms. Cody told the Council that this round of funding would not be competitive given the short timeline to complete. For future reference, she mentioned it would be beneficial if the Council could help the agency address how best to maintain a competitive process. Agency staff recommended option #1 as the motion for consideration.

Councilmember Geller supported the agency staff recommendation of option #1. Acting Chair Baney then called for a motion. Councilmember Koza entered the motion and Councilmember Valfre seconded. Acting Chair Baney called for the vote.

**Motion:** Housing Stability Council authorizes OHCS to release the Federal Rent Subsidy Preservation NOFA after the 2016, 9% LIHTC NOFA awards have been made at the November 18th meeting, with the inclusion of a per unit Preservation gap subsidy cap of \$25,000 for urban and \$35,000 for rural.

**Federal Rent Subsidy Preservation NOFA Timing:**

Council member	Motion	Yes	No	Abstain	Excused
Mayra Arreola					X
Tammy Baney		X			
Mike Fieldman		X			
Anna Geller		X			
Zee Koza	✓	X			
Marissa Madrigal		X			
Adolph "Val" Valfre	2 <sup>nd</sup>	X			
Chair, Aubre Dickson					X

**Vote: 6:0:0:2 | PASS**

Acting Chair Baney told Ms. Cody she appreciated how each option was clearly outlined and presented for the Council. Additionally, she thanked Ms. Cody and staff for a job well done. The rest of the Council also expressed their appreciation for the work put into the memo.

The business of the Housing Stability Council concluded much earlier than anticipated. Considering the presenters for topics #6 and #7 had not yet arrived, the Council made the decision to change the order of the agenda items as follows:

1. Interim Director's Report
2. Chair Report
3. 2017-19 Budget Environment Briefing
4. State of the Oregon Economy

**Report of the Interim Director – Claire Seguin**

Ms. Seguin pointed to the OHCS, Agency Request Budget (ARB) notebook on the table indicating if anyone would like to view the binder's contents, it is accessible on the OHCS's website by clicking [here](#) (**note:** Be sure to open the book marks, so you can jump to the agency summary and then on to specific program information).

Next steps in the budget process (Caleb Yant):

Once the ARB makes it through the Legislative process, Mr. Yant will come back and review the document in a condensed version.

1. The Department of Administrative Services has OHCS's budget; they are in the process of reviewing it with the Legislative Fiscal Office (LFO).

2. On December 1, the Governor's Budget will be published and OHCS will then find out what has gained approval from its submission.
3. Oregon Housing and Community Services will give a presentation to Ways and Means in February 2017.
4. Final budget will come out at the end of session on or near June 30, 2017.

Acting Chair Baney deferred a decision on a future presentation of the budget to Chair Dickson and Interim Director Seguin.

*Housekeeping: 2017 Housing Stability Council meeting dates selection.*

- Councilmember Madrigal prefers Friday meetings due to regularly scheduled meetings on her calendar for Tuesday's and Thursday's
- Councilmember Fieldman would have a problem meeting on Thursday because of his commitment to the CAPO board
- Councilmember Koza does not like having the meeting on Friday because of her 6-hour drive home
- Acting Chair Baney has other board commitments with her meetings falling on Monday and Wednesday.

**ACTION:** Kris will send out a doodle poll to ascertain the Council's preference for meeting days in 2017.

Strategic planning and Statewide housing plan efforts are underway. Dani Ledezma from the Governor's office asked if we would consider postponing the Housing Stability Council retreat until after the Governor announces her strategic direction, which will probably come out sometime in September 2016. Alternative dates for the October, HSC retreat will be explored.

*Community Action Partnership of Oregon (CAPO) Update:*

Ms. Seguin asked Councilmember Fieldman to summarize the CAPO meeting on Thursday for the Council.

The CAPO board has expressed a desire to be involved in the formulation of the Statewide Housing plan with the possibility of joining the HSC for a portion of the retreat. They would like to look at how housing will be impacted across the state at all levels. Also, they want to broaden the scope of what the two agencies, CAPO and OHCS, do to address housing at all levels. They thought it would be a good idea dive deep into all the things we do to help better explore ways to do those things.

Councilmember Geller said the state is challenged with affordability. She would like the HSC to share their ideas with each other before having a joint meeting with CAPO. She wants to look at trends and obstacles to affordability.

Councilmember Fieldman agreed the HSC needs time together before a joint meeting with CAPO to broaden OHCS's vision and mission. This would entail looking at playing a greater role across state agencies.

*Statewide Housing Plan:*

Ms. Seguin asked for Council members to help be a liaison between the Statewide Housing plan workgroup and the Housing Stability Council; there is a time commitment of approximately 6-10 hours per month.

**ACTION:** Ms. Seguin will send a message to the Council outlining the work and time commitment for participation.

*New Director:*

Presently, no timeline from the Governor's Office has been produced highlighting when a permanent Director will be appointed. Nonetheless, the agency is moving forward with established plans and processes.

Councilmember Valfre told Ms. Seguin, OHCS staff has been very responsive to requests. He also praised Kim Travis for her work on and the delivery of the LIFT outreach in Washington County.

Councilmember Arreola mentioned she appreciates all of the work the staff is doing in this interim time; Councilmember Madrigal concurred.

Acting Chair Baney said she would like the HSC to write a letter of encouragement to the Governor. She felt it would be a good idea for the HSC to articulate a sense of urgency to the Governor as it relates to the assignment of a permanent Director. Having certainty in this area will assist the HSC move forward on addressing housing issues in Oregon with greater efficiency. She asked if any Councilmembers would like to write this letter given they all thought it was a good idea, while Councilmember Geller asked if this letter would also address the filling of the 9<sup>th</sup> position on the Council.

Acting Chair Baney indicated her priority would be to have a permanent Director in place first and then fill the remaining seat on the Council. Ms. Baney also felt it is critical for a permanent Director to be in place before the Council goes into a retreat for strategic planning.

**DECISION:** The Council agreed to delay strategic planning until a permanent Director is in place.

**DECISION:** The Council decided to put the writing a letter in support of naming a permanent Director on hold.

**Report of the Chair – Tammy Baney, Acting Chair for the August 5, 2016 meeting.**

No report from Acting Chair Baney.

**2017-19 Budget Environment Briefing – Linnea Wittekind, Budget Analyst, Department of Administrative Services.**

Ms. Wittekind's presentation may be accessed by clicking [here](#). She reviewed expenditure trends and budget drivers with the Housing Stability Council.

Councilmember Fieldman inquired what the driver was for increasing the state school fund shown on page 5 of the presentation. Ms. Wittekind informed the Council it was due to implementation of mandatory testing and an increase in population. Ms. Wittekind reviewed the four major cycles in the budget process:

1. Agency Request (ARB)
2. Governor's Recommended (GRB)
3. Legislatively Adopted (LAB)
4. Budget Execution

Councilmember Madrigal asked if the 10% reduction exercise was a standard practice in the budget cycle. Ms. Wittekind told the Council that the 10% reduction was included as part of the instruction packet for the ARB cycle. She also reviewed key terms with definitions for the Council, which are found on pages 17 and 18 of the [presentation](#).

Ms. Wittekind specified the current budget estimates indicate the state is currently facing a \$1.4 Billion dollar shortfall, which translates to a potential 7-10% cut for agencies. Until the December 2016 forecast is released in mid-November, the actual shortfall amount will not be known.

Acting Chair Baney asked what was causing the budget shortfall. Ms. Wittekind informed the Council, the main driver was an increase in Oregon's population.

Councilmember Valfre asked how PERS expenses were impacting the budget. Ms. Wittekind said the PERS expenses are a big growth area and are large for all agencies.

Councilmember Madrigal restated what Ms. Wittekind said, "The budget shortfall is due to an increase in expenses and not a reduction in revenue." Ms. Wittekind concurred.

Councilmember Geller asked if the state was losing revenue. Ms. Wittekind told the Council the state was not losing revenue, just growing.

Councilmember Fieldman asked about the trend with the last several forecasts. Ms. Wittekind told the Council the budget has held steady over the past few forecasts, and there are several pending ballot measures that could impact future budgets.

**State of the Oregon Economy – Mark McMullen, Oregon State Economist & Josh Lehner, Senior Economist, Department of Administrative Services**

Access to the presentation can be found by clicking [here](#). The next Economic/Revenue forecast is due in September 2016. This presentation has also been shown to the Governor's Economic Advisors and other key groups the Office of Economic Analysis regularly consults with about Oregon's economy.

Mr. McMullen reviewed the job growth in Oregon. He told the Council Oregon is now outperforming the typical state during the current expansion period. He also reviewed industrial structure, migration flow patterns and types of jobs that have been lost, created and recovered since 2005.

Mr. Lehner provided additional information to the Council about job and wage growth in Oregon. The average wage in Oregon is as high as it has been since the timber industry closed down in the 1980s. Oregon's overall economy is doing well with three major areas of concern remaining:

1. *Long-term unemployed* – those who have stopped seeking employment
2. Underperforming *Rural Oregon* economies
3. A lack of good *middle-wage jobs*

Progress is being made in all three areas, but there is still work to be done. Some middle-wage jobs are being impacted because employers are requiring a bachelor's degree to apply due to their technical nature.

Councilmember Fieldman asked if the job and wage trends were unique to Oregon. Mr. Lehner stipulated the trends he showed in the presentation were National trends. Larger job growth in the low-wage segment will continue to produce strained household budgets. The expectation is middle-wage job growth will continue to do better in the next 2-3 years, but long-term cycles shown on page 9 of the presentation are not expected to change or go away. There will be continued pressure on middle-wage jobs over the next 10-20 years.

Acting Chair Baney asked if Mr. Lehner would be talking about how PERS might impact job growth in public sector budgets. Mr. Lehner told the Council the baseline for public sector growth is expected to match the overall growth of population in Oregon. There is no explicit PERS factor built into the forecast. Public sector employment is usually more stable and does not have the major swings of the private sector.

Councilmember Fieldman asked if there was more data relating to the job force; if there was a comparison between before and after the recession for number of hours worked and the status of employment (full time v. part time). Mr. McMullen said the Employment Department does have a measure they use showing the number of people who are working part time and want to work full time. He went on to explain the term used to describe the gap is: *slack*. The number for

Oregon is currently somewhat inflated, but has shown signs of improvement in the past year or so.

Mr. McMullen highlighted the recovery rate across Oregon in both urban and rural areas. While recovery is occurring across the state, it is happening at a slower rate in rural communities.

*Housing update:*

Mr. Lehner introduced a graphic the Office of Economic Analysis created to illustrate three key areas impacting housing in communities. The diagram is located on page 14 of the presentation.

The three areas comprising the components found in the “Trilemma” are:

- 1). Housing Affordability
- 2). Quality of Life
- 3). Job Availability.

Research shows that a community can only have two of three components at the same time and success in all three components cannot occur at the same time. He showed a comparison of larger cities across the country and where they land in the “Trilemma” diagram. Mr. Lehner highlighted that while Portland Oregon scores low in Housing Affordability, it scores well in Quality of Life and Job Availability. He expressed they expect housing prices and rent prices to slow in the Portland area.

Councilmember Madrigal asked how much time it would take for the prices to slow down. Mr. Lehner said the expectation is the slowdown will most likely take a long period of time. He concluded the presentation by informing the Council the expected overall job growth rate for Oregon will most likely be in the 1-2% range, and this rate will most likely be sustainable over the next several cycles.

Acting Chair Baney called for additional topics for discussion. Hearing none, she adjourned the meeting.

*The meeting was adjourned at 11:15 a.m.*



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Aubre Dickson, Chair  
Housing Stability Council

09/09/2016

Date



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Claire Seguin, Interim Director  
Oregon Housing and Community Services

09/09/2016

Date