

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.

May 1, 2009

MEMBERS PRESENT

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

MEMBERS ABSENT

Francisco López

GUESTS

Chip Terhune, Governor's Chief of Staff
Jesse Beason, Portland Community Land Trust
Andrea Miranda, Rogue Valley Community Development Corporation
Carol Snell, Exec. Dir., NW Oregon Housing Authority
Bonnie Johnson, Project Consultant
Diana Otero, Exec. Dir., Klamath Housing Authority
Tom Cuscack
Harold Nelson
Mike Hubbard, Board Chair
Kelly Fisher, Housing Works
Clay Martin, Lincoln Community Land Trust
Kirsten Kuppenbender, Assistant Project Development Svs.

STAFF PRESENT

Victor Merced, Director
Rick Crager, Deputy Director
Nancy Cain, Chief Financial Officer
Marlys Laver, Asset and Property Management Division Administrator
Bill Carpenter, Information Services Division Administrator
Dave Summers, Multi-Family Housing Division Manager
Lisa Joyce, Legislative Relations Manager
Floyd Smith, Agency Affairs Director
Vince Chiotti, Regional Advisor to the Department
Jack Duncan, Regional Advisor to the Department
Deb Price, Regional Advisor to the Department
Dona Lanterman, Single Family Programs Unit Manager
Craig Tillotson, Single Family Loan Specialist
Mike McHam, Appraiser and Market Analyst
Roberto Franco, Director's Office Liaison
Becky Baxter, Loan Closer
Tonya Evans, Compliance Officer
Mariana Negoita, LIHTC Program Rep.
Ernie Kirchner, Housing Development Rep.
Sue Harris, Communications Specialist
Theresa Wingard, MCRC Program Coordinator
Tony Penrose, Housing Development Rep.
Susan Bailey, Housing Resources Assistant
John Skelton, Portfolio Risk Analyst
Heather Pate, Program Analysis and Enforcement Section Manager
Camber Schlag, Procurement & Contract Spec.
Sally Dorman, E2C2 Program Coordinator
John Czarnecki, Architect
John Fletcher, Senior Policy Analyst
Roz Barnes, Housing Program Rep.
Vicki Massey, CFC Application Process Manager
Jo Rawlins, Recorder

I. **CALL TO ORDER:** Co-Chair **Maggie LaMont** calls the May 1, 2009 meeting to order at 9:06 a.m.

II. **ROLL CALL:** Co-Chair **LaMont** asks for roll call. Present: **Scott Cooper, John Epstein, Maggie LaMont and Stuart Liebowitz.** Chair **Larry Medinger** (via phone from 9:20-10:40); **Jeana Woolley** (arrived at 9:10). Absent: **Francisco López.**

III. **PUBLIC COMMENT:** None

IV. **RESIDENTIAL CONSENT CALENDAR:** **Dona Lanterman**, Single Family Programs Unit Manager, and **Craig Tillotson**, Single Family Loan Specialist. **Lanterman** gives a brief overview of the Consent Calendar contained in Council's packet. **Cooper** asks if these were the loans that were already in the process from the previous bond sale. **Lanterman** says yes. **Tillotson** explains that there are 265 active reservations for \$41 million dollars from the August Bond Sale.

MOTION: Cooper moves that the Oregon State Housing Council approve the Consent Calendar

VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, John Epstein, Maggie LaMont, and Stuart Liebowitz.

V. **SINGLE FAMILY REPORT:** **Dona Lanterman**, Single Family Programs Unit Manager, and **Craig Tillotson**, Single Family Loan Specialist. **Lanterman** reports that:

- The department is working on possibly having a second mortgage program that would help offset the first-time homebuyer \$8,000 tax credit. **Crager** adds that the first-time homebuyer tax credit is a way to monetize the credit to provide down-payment assistance for a family and then when the credit is realized (because it is a refundable credit) it pays back the loan.

- The department has been very active in the HOPE program (Homeownership Presentation Event), being held in Portland at the Memorial Coliseum. Counseling provided will include foreclosure scams, how people can get in touch with agencies across the state that do counseling for pre-foreclosure issues, including issues with seniors and reverse mortgages. There is discussion about the bond market and how to be ready when it begins to open up again. **Epstein** asks when the department thinks it might be back in the market again. **Crager** states that, typically, it is usually early Spring, Summer, and Fall, but that the market still needs to drop some.

VI. **SPECIAL REPORTS:**

A. *Community Land Trust Coalition*, **Jessie Beason**, Portland Community Land Trust, and **Andrea Miranda**, Rogue Valley Community Development Corporation, both representing the Northwest Community Land Trust Coalition, give a PowerPoint presentation overview of the Community Land Trust, providing Council with a printed copy of the presentation. **Woolley** asks if they are seeing some affect of what is going on in the economy with their program. **Beason** explains that the survey was done in late 2008, so certainly it has gotten worse and the numbers may have changed some. Earlier than 2008, in 2005 their foreclosure rate was lower. For Portland, they have yet to experience a foreclosed home. They have had individuals who have lost their jobs, but because their mortgage payment is rather

affordable, unemployment is able to keep them in their homes. **Cooper** asks how, when real estate prices have been so volatile, and they are locked into pricing through the ground leases, the covenants, and the deed restrictions, do they keep from getting themselves into a situation where the house they purchased in 2007 at the peak of the market is now below the current market price. **Beason** says that typically the agreement says that should the home actually drop below appraised value, then that is the new base. Discussion continues about how they are funded.

B. Governor's Update. **Chip Terhune**, Chief of Staff to Governor Kulongoski, reports on the following:

- *Recession.* Governor Kulongoski has asked everyone within the Governor's office staff to take a different approach in terms of communicating with state government partners in all of the executive branch agencies. Right now in this economic recession, probably the key element that people are looking for is a degree of certainty of what the world looks like both now and in the future. He says it is probably fair to say that not even President Obama himself can provide anyone with a degree of certainty about where we are and where we are headed. We can talk about where we think we are and where we think we are heading, but there remains a tremendous amount of volatility from an economic perspective that then bleeds into everything else. The Governor recently met with his council of economic advisors and the one thing they seemed to agree on was that toward the end of 2009, beginning of 2010, the United States domestic economy will probably start landing on its feet. That does not mean there will not continue to be a tail on the unemployment increases, it does not mean there will not continue to be some challenges, but it does mean that the US domestic economy does seem to be headed toward a fairly decent landing place at that time. He says there seems to be grave concern at the federal level and at the state level that we need to be looking long term on this particular economic recession. He thinks economically we are seeing the beginnings of a slow down in a lot of areas and they are getting some very positive feedback from a variety of leading indicators at the federal level. Oregon has not seen those indicators materialize just yet. It is true that Oregon is at 12.1% unemployment, and never before in recorded history in Oregon have we ever seen this level of unemployment and we are relatively certain that the April numbers will obviously surpass the record. They expect that the job loss over the course of the next several months will begin to decline in terms of rates. So, while it is possible that we could get to a 13-14% plus unemployment, we believe that we are not going to be shedding as many jobs over the course of those months in the ongoing future. In some respects, we know that we are hopefully getting toward the end of this and it is going to start softening in terms of its curve.

- *Budget.* The challenge for the state at the budgetary level is the May 15th revenue forecast, a September revenue forecast, and a December forecast for the balance of this calendar year. They anticipate a drop in the May forecast, and that drop is going to come in sort of two phases. The first one is going to be in the revenue, so they are expecting some shrinking dollars coming into the state's coffers. The second is the dramatic increase in case load they are seeing at the Department of Human Services. Given the exploding case load growth, and layer on top of that the revenue forecast, the deficit could go from \$3.1 billion to something in the \$3.6 billion or higher range.

- *Federal Stimulus.* The challenge before state government is that on the one hand they are about to have conversations with the public and the decision makers about cuts to budgets, and about impacts to K-12, higher education, and housing. These are tremendously challenging operational conversations. At the same time, because of the federal stimulus package signed by the President in late February, they have a tremendous opportunity to invest in the infrastructure of the state with transportation and weatherization dollars.

- *The Oregon Way Advisory Group.* The Governor has created a process that is starting to get significant national attention, called The Oregon Way Advisory Group, on which Victor Merced serves. This advisory group is designed to take a look at the world of competitive block grants and make a determination about how Oregon can go after grants in a way that is unique, different, and focused primarily around the issue of sustainability.

A brief time for Q&As followed.

VII. NEW BUSINESS:

A. *The Glade*, HOME Funds Increase Request (Warrenton, OR). **Mike McHam**, Appraiser and Market Analyst, introduces **Carol Snell**, Executive Director of Northwest Oregon Housing Authority, **Bonnie Johnson**, Project Consultant, and **Vince Chiotti**, Regional Advisor to the Department. **McHam** states that this project was presented to Council on April 3, 2009, and because Council had concerns about the cost estimates, the motion was tabled until the May 1, 2009 Council meeting in order for McHam to provide Council with a summary outlining what the cost increases were. He refers Council to the table on page #1 of their handout, which summarizes the acquisition, construction, development, and add-ons for the project. In total, they are requesting a \$131,159 increase in HOME funds, which is down \$52,000 from the prior request. **Woolley** asks if they get the waiver for the parking requirement, could the request be reduced by another \$28,000. **Johnson** says that is correct, and they have a planning commission meeting on May 14th in Warrenton. **Woolley** asks how long the bids are good for. **Johnson** explains that they are going to the planning commission on the 14th, subject to getting an approval from Council, and they will be perusing this on a rapid path that will have them starting construction by June 1. **Woolley** asks if it is in their letter that the bids are good for 60 days or 45 days. **Johnson** says 90 days. **Woolley** asks if they now need to finalize that in a contract. **Johnson** says that is correct.

Cooper says that one of the big changes on this was the addition of the fireline/vault/hydrant requirement, which was not in the original proposal, and asks if that is something that was missed in the original bid or is that something the City came up with after the fact. **Johnson** explains that they went for their second pre-development conference with the city a few weeks before coming to Council previously and there had been a code change since the first time, so that is the carport and hydrant issue that they were not called upon to address before. **Epstein** asks if the code changes caused an increase of \$40,000 (\$12,000 for the hydrant and \$28,000 for the garage). **Johnson** says that is right. **Cooper** asks if Council approves their request and gives them additional HOME funds, would it mean the department would have less to award in the Spring CFC round, and asks if it would be an amalgamation of savings from other projects. **Crager** explains that typically with the Consolidated Funding Cycle there are some set asides in terms of HOME dollars for cost overruns, cost increases, and things like this that we can budget within. **Cooper** says he is ready to approve this request based on the revised information, but he wants to make sure it is not going to cannibalize the over-subscribed Spring CFC round. **Crager** says he can assure him that it will not. **Woolley** says she is ready to support this because they went back and did some additional due diligence, but she does think the contingency is very low and she does not want to see them come back to Council because the contingency is low and they run into cost overruns. **Johnson** assures her they will not come back.

MOTION: Cooper moves that the Oregon State Housing Council approve an increase of HOME funds of up to \$131,159 for the development of The Glade Housing Project for a total maximum HOME

reservation of \$1,355,934, contingent upon ownership receiving a parking variance from the City of Warrenton permitting only eight (8) onsite parking spaces, and none of the funds coming out of the Spring CFC round funding.

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

B. *Moving Forward*, Housing PLUS Allocation and Trust Fund Request (Medford, OR). **Roberto Franco**, Director's Office Liaison, introduces **Mike Hubbard**, Board Chair of the Interfaith Care Community in Medford, **Howard Nelson**, Senior Case Manager for Interfaith Care Community, and **Karen Clearwater**, Regional Advisor to the Department. **Clearwater** passes around a picture of the project to Council members. **Franco** gives a brief update on Housing PLUS and distributes a map showing the projects that have been awarded funds, and those that are still pending for review. Housing PLUS was allocated \$16 million by the Legislature in 2007. To date all projects funded represent 183 units, not including the projects being presented today. The expectation from the legislature was 150 units. **Franco** explains that *Moving Forward* is designed to provide permanent housing for homeless people, and gives an overview of the write-up contained in Council's packet. **Clearwater** says she met with the directors yesterday and they are looking at focusing the units not only on single Veterans, but on women returning from Iraq and Afghanistan that have children because of the two bedroom units. They are also looking at doubling up Veterans because they seem to do much better with roommate situations when they have a support system to help them through addictions and hurdles that they are overcoming, as well as linking them with a lot of the homeless providers in the community.

Crager adds that a few months ago Housing Council had requested extending the affordability periods as long as possible. In this case the sponsor was recommending 20 years in its RFA, but agreed to 40 years. He says he thinks that is an important piece to put on the record that we appreciate them following the Council's request to extend affordability as long as possible. **Woolley** says these are very nice units, but her concern is that they are requesting money to pay top dollar for units that could be sold for less, given the market decline, and asks if the price has been negotiated to reflect the market conditions with the developer/seller. **Clearwater** says the financier on the project was RCAC (Rural Community Assistance Corporation), and they were actually writing down their loan, but he would not share the number with her. She did talk to him and he said that they are somewhere around the \$200,000 mark that they were writing the loan down. **Epstein** asks if a new appraisal had been done. **Clearwater** states that they did get an opinion of value, but not an appraisal. The opinion of value was \$1,145,000; the current purchase price is \$970,500. **Epstein** asks how long ago that was done. **Clearwater** says it was done in December.

Liebowitz asks for clarification on why this is being presented out of the CFC cycle, and asks if there is an assumption that the trust fund money is also coming out of some sort of contingency pot that will not affect the limited trust fund in the coming cycle. **Franco** explains it is because the department had the expectation from the legislature to expend or commit these funds by June 30, 2009, and in order to expedite and meet that requirement the funds were put through two cycles during this biennium. The department knew that all of the funds would not be expended through the CFC, so a special request for application was implemented, which is part of what these proposals are coming from. In the RFA, the

rural communities were purposely targeted, or the non-HOME entitlement communities. They also knew that the \$90,000 per unit that had been calculated out of Housing PLUS would not be enough to do either acquisition rehab or new construction, so trust fund was made available to supplement Housing PLUS. By doing that kind of combination of funding process and use of other funding, they are meeting the deadline of June 30, but at the same time making sure that in the rural communities there is enough funding to make sure that the units can be purchased or rehabbed with adequate funding. **Crager** adds that this was an allocation that was set aside at the beginning of the biennium with Housing PLUS dollars, so by allocating this trust fund it has no impact on future cycles of the CFC. **Liebowitz** asks if there is any other Housing PLUS money that is still outstanding that will need to be allocated by June 30. **Franco** states that there is one more application.

Discussion continues regarding having an appraisal done on the property and having it based on December (at the time in which the deal was put together). **Merced** says they have a commitment from Council to act on this as quickly as they can and they will commit to meeting over the phone on a phone conference to make the final decision on this request. **Woolley** adds that based on having the proper information, Council supports the request; it just wants to make sure it is not overpaying for the transaction or that it is paying a fair price for the property.

The Motion was tabled until an appraisal is obtained, at which time a telephone conference will be scheduled.

C. *Trail's View*, Housing PLUS Allocation and Trust Fund Request (Klamath Falls, OR). **Roberto Franco**, Director's Office Liaison, introduces **Diana Otero**, Executive Director of Klamath Housing Authority, and **Deb Price**, Regional Advisor to the Department. **Franco** explains that the four one-bedroom duplexes will be constructed on property owned by the Housing Authority, and he gives an overview of the write-up contained in Council's packet. He says the sponsor will also be working with Klamath County Community Corrections, targeting released offenders who qualify or fit under the Housing PLUS description of homelessness. **Cooper** asks why this request wasn't split into a pre-development loan and a development loan. **Price** explains that they will not need a pre-development loan. They will just move ahead into designing. **Cooper** says the architectural drawings could be part of the pre-development package, and asks, since the land is owned by the Housing Authority, why it couldn't be a two step process. **Price** states it is merely that they did not request that. She says the consultant helped prepare the application and basically the costs were the same costs (or very close to the same costs) that they saw initially, stepped down for the change in the market in Klamath Falls on the Iris Glen project that was approved last year. They tried to use the same numbers taking them down, adjusting for the market having dropped. **Woolley** says she thinks it is very dangerous for Council to approve development costs on a project that is not designed. Discussion continues.

Cooper says he would be in favor of crafting a motion approving the project conceptually, and authorizing a pre-release for the architectural work, with a requirement that it has to come back to Council for a presentation of the site plan and design. **Woolley** says she wants to see a different product. She supports the project and the population they are trying to serve, but she is concerned about using the money in ways that create quality and sustainable housing that will enhance the lives of the people that are living there and someplace they can be proud to live. **Liebowitz** asks if she is looking for schematics similar to the CFC application; sort of the basics without getting into \$40,000 expenditures. **Woolley** says yes. Discussion continues.

Merced says he appreciates the concerns over the design and functionality, but the context is that we have a great partner in Klamath Falls, we do not have any Housing PLUS units in Klamath Falls, this is needed housing, this is a priority of the department and the Governor, and the costs seem reasonable conceptually, as well as the design. Contextually, we ought not to forget where this all fits. These folks have worked very hard to pull this together, so whatever Council recommends in terms of assuaging its concerns around design and cost we can do that, but we need to put some shovels in the ground and get jobs out there as soon as we can. He encourages Council to continue to think about a big picture perspective.

Lamont states that Council has a decision to make of whether they want to approve the recommended motion on page 12 of their packet, or whether they want to seek more information and perhaps have a phone conference later on. **Woolley** says she would like more information in order to make the decision. She understands that there is a bigger picture and this is the kind of housing that they support, but she does want to have it come back so they can look at it at some point and see what they are actually building. **Franco** states that he thinks that could work with the sponsor, and that if the Council does approve the recommended motion, once the drawings and the schematics are done they can make a presentation as to what the project is actually going to look like. He says they could come back in a couple of months with the drawings and schematics. **Woolley** says she would support that. **Liebowitz** states that if Council is making the motion contingent upon review of the architectural plans, he wants to be sensitive to Roberto's concern about getting a commitment for the Housing PLUS funds by June 30th. He asks if the motion as phrased will meet the department's requirement to commit all funds by June 30, 2009. **Franco** says yes it does.

MOTION: Cooper moves that the Oregon State Housing Council approve the allocation of \$720,000 in Housing PLUS and \$115,252 in Trust Fund for construction and development, plus \$166,400 for rental assistance and supportive services in Housing PLUS funds to the Trail's View housing project in Klamath Falls, Oregon. This approval for funding is contingent upon Klamath Housing Authority meeting all Housing PLUS and Trust Fund requirements and conditions of award, and upon a presentation of preliminary architectural plans to the Council.

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

Cooper expresses his concern about there being 19 projects approved on the west side of the state, and only three (two of which are pending) on the east side of the state. He said that he had suggested at the last meeting, and is again suggesting, that staff go back to the last CFC round, where there were a number of applications that did not make it through the process for various reasons, and look at those projects to see if they could qualify for these particular funds and start with those as a base to see if there are projects that we can bring forward in order to distribute the funds more geographically. He says he would like to hear the results of that at the next Council meeting. Discussion continues regarding capacity. **Franco** says that there is not a lot of Housing PLUS dollars left and it was not in the

Governor's Recommended Budget for next biennium. He says the department will look at post CFC applications, but suggests that the department also honor the RFA and process established. **Merced** points out that there is another issue. He says it may mean that for the next two years we focus on increasing capacity to do these types of projects in this part of the state, so the investment may not be Housing PLUS, but it may be capacity building dollars for these organizations to get to a point where they could become competitive. From a policy perspective, we may need to refocus some investment dollars on capacity building.

VIII. OLD BUSINESS:

A. *Proclamation.* **Lamont** refers Council to a revised copy of the Proclamation declaring June 27, 2009, as the 75th Anniversary of the Federal Housing Administration, which was discussed at the last Council meeting.

MOTION: Woolley moves that the Housing Council approve the PROCLAMATION of June 27, 2009, as the 75th Anniversary of the Federal Housing Administration.

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

IX. REPORTS:

A. *OHCS Leadership.* **Heather Pate**, Program Analysis and Enforcement Section Manager, and **Camber Schlag**, Procurement Specialist, co-facilitators of Leadership OHCS. **Pate** gives an overview of the OHCS Leadership group; **Schlag** gives an overview of the trainings that have been offered to the group throughout the year. **Cooper** suggests adding to their curriculum an element regarding politics/political training. **Merced and Crager** acknowledge both Camber and Heather for their leadership in putting the program together.

B. *Neighborhood Stabilization Plan Update.* **Dona Lanterman**, Single Family Programs Unit Manager and the Neighborhood Stabilization program administrator, and **Becky Baxter**, Loan Closer, and the coordinator of the Neighborhood Stabilization program. **Baxter** explains that the Neighborhood Stabilization has two pieces, NSP I (through the Housing Economic Recovery Act (HERA) of 2008), and NSP II (through the American Reinvestment and Recovery Act (ARRA) of 2009), and gives an overview of both programs. **Woolley** asks if they have had contact with the minority homeownership groups in the area, such as the Native American and African-American. **Lanterman** explains that they have set up forums for the entire year at the Housing Resource Centers that will cover NSP, and it is particularly directed at minorities. She says they are also very interactive with the African-American Alliance and the Native American Coalition. **Woolley** asks if they have individuals in each of those organizations that are sort of the point person for the housing of the information about how the program is going to work so that they can network through their own channels. **Lanterman** says that any individual that buys one of the properties is required to go through an 8-hour homebuyer counseling class in order to get the funds, and those classes are promoted through those organizations. **Cooper** asks if they have any sense of whether the various applications that are coming in from the non-profits will give wide geographic coverage in the state in rolling out this program, or are there going to be some areas that are underserved. **Lanterman** explains that when they

had to identify the priority areas when they wrote the Substantial Amendment for HUD, they had to identify the areas using data from 2005-2007. Oregon's problems were starting at the end of 2007-2008, so when they wrote the Substantial Amendment, they were able to look again at the priority areas and at that point extend the areas. NSP II allows them to look at the priority areas again, so they are going to have a cross-over which is good for Oregon because of the old data they had to start with. **Baxter** adds that, based on the phone calls they are getting, she thinks they will see it well spread out across the state. **Cooper** asks if they will be able to get statewide coverage with education to the people. **Baxter** says yes, absolutely. Between the Housing Centers and the way that they have to post the RFP, it is going to be a massive email to all of the partners that they work with so that everybody across the state will understand and be aware of the information. **Crager** asks that they send the information link to all of the Housing Council members. **Lanterman** says they would be glad to that. **Woolley** asks that they also let Council members know when the RFP is sent out.

Cooper suggests that they may want to build into their plans a second round of training, education and touching base with partners in July or maybe early August, because the new fiscal year starts on July 1, and he is concerned that a lot of people that are there now will not be there come July 1, and we may need to re-educate and make sure that we have statewide knowledge of this program. **Baxter** says that because we are the only entitlement in this particular grant, we have regular reporting so we know how things are going. One of the issues we know of on NSP II is going to be capacity. In the application, OHCS has to reflect the capacity to implement the program directly and show that the proposed entities will also have the capacity to carry out the proposed activities. This is a key factor in NSP II that will require ongoing contact and feedback from partners. The RADs have also been extremely helpful in getting and keeping the information out in their communities.

C. Legislative Update. **Lisa Joyce**, Legislative Relations Manager, distributes a Legislative Agenda and gives an overview.

D. Federal Stimulus Plan Update. **John Fletcher**, Senior Policy Analyst/ARRA Coordinator, distributes the ARRA Report dated May 1, 2009, and gives an overview.

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

- *Audits.* The Federal Audit, IRS Audit, and Opinion Audit are underway.
- *Budget.* The department's budget hearing before Ways and Means begins on Monday, and she is happy to report that the agency will be getting some limitation.
- *Bond Issuance.* There is beginning to be a glimmer of hope with regard to bond issuance. Bob Larson, the department's Debt Manager, continues to work with the Financial Advisors and Underwriters in trying to line up all of the elements that are needed so that the department is prepared to go to market once the market opens.
- *Ratings.* Wisconsin's Housing and Economic Department rating was not downgraded, but they have been put on negative watch from Standard & Poor's. OHCS is rated by Moody's, but Moody's has been doing an in-depth analysis of all housing finance agencies, and she thinks Standard & Poor's is probably doing the same thing. It was not a downgrade, it was just a negative watch. There is some legislative action that we are hopeful will help with investments. HB 2105 would allow the department to purchase its own bonds without extinguishing the debt.

F. Report of the Deputy Director. Rick Crager reports the following:

- *Budget.* Going into the budget hearing there are a lot of things to watch out for. The good news is that the department is suffering from its own reductions and it is looking at some workforce cutbacks because the dollars are not what they used to be. Another risk is the Document Recording Fee and the thinking of some that it can be used to backfill the General Fund.

- *Legislature.* Everything has moved through quickly and so far the policy bills are doing well. SB 199, which is probably the biggest piece as it relates to investment with the \$4 million increase in tax credit, has moved out of the Senate with a 'do pass' recommendation with the increase, and will now go before Ways and Means. There seems to be a lot of support from both the House and Senate Revenue Chairs, and he is hopeful it will move forward.

- *10-Year Plan.* Next week he will be attending the kickoff for the 10-year plan for the tri-counties of Jefferson, Crook & Deschutes. There is a lot of momentum in the central region and he applauds their efforts.

- *CFC.* As discussed before with Council, the department may have to look at future CFC's and determine if there is some kind of prioritization that needs to be done, because the pots are shrinking and we are at a point now where we need to make that decision and move forward with some changes. For the current CFC cycle, there are approximately 20 applications that have come in for tax credit only. About half of those applications are specific to preservation (Section 8 and rural development type of projects). As it stands right now, there are a lot of good applications with good scores. The bottom line is that there are only 'x' amount of resources to go around and there are projects that are not going to be funded if we keep the levels at where they are now. Typically with tax credit rounds, we aim for a larger allocation during the Spring. There is a feeling that a lot of the tax credit applications could be moving into the next round, so the question has been asked if we could perhaps expand the pool of resources for 2009 tax credits, because currently there is \$4.3 million available. If we fund what is in the round now, it would be around \$3.7 million. With so many good applications, the thought is that perhaps we expand that allocation to \$5 million and be able to fund more of the applications that are in this round. Trying to keep with the goal of keeping larger volumes ready for next year, would require the department to perhaps shrink the Fall round of tax credits, so there would be a smaller pool available. The RADs have surveyed their regions to try to find out if there are other applications outside of the existing round, and what they have discovered is that there are two new applications that would be entering in the Fall (looking at infrastructure versus preservation). Two are new construction and the rest are preservation. With one of the highest priorities of the department being preservation, we have said it would probably be best to allocate the Fall CFC specifically for preservation only projects. That would assure us of having enough resources for the next year as it relates to the Spring allocation. In terms of the allocation of existing credits, the department can take advantage of some of the new ARRA rules, which Mariana will address.

Negoita explains that there are some eligibility concerns. TCAP (Tax Credit Assistance Program) is available for projects that are awarded credits up to September 30, 2009. By awarding a little bit more in this CFC round, a few more projects may be eligible for that pool of money if they need it. As to the shrinking, HERA brought the department (in 2008 & 2009) a slight increase in the amount of credits, but there is no guarantee that that amount is going to be available again in 2010, so that is where the shrinking of resources are expected. With everything that has been going on in the LIHTC program, it is hard to know if that shrinking is or is not going to happen or how that is going to play out. **Crager** says that, in summary, what the department is looking at doing is to increase the current round of tax credit

available from \$4.3 to \$5 million to be able to reach out to projects that are ready now; shrink the Fall CFC tax credit allocation that was anticipated, and prioritize it to preservation only projects, and then still have the same availability that we were planning for the Spring CFC (2010).

Cooper says he is concerned about limiting the Fall CFC to preservation only, which would leave the department with a greatly diminished pool for the Fall round for new construction. **Negoita** says it would not be greatly diminished. **Crager** agrees. He says the idea is to try to preserve the Spring 2010 CFC round. The department would allocate more resources in the Fall, which would greatly impact the Spring of 2010, but right now they are talking about a relatively small amount of resources and when you are talking about shrinking sizes to try to put the small amount of resources to one of the biggest priorities that we have (preservation), you would still have funds available for those projects that are not quite ready in the Fall to be able to apply in the Spring of 2010. Discussion continues. **Epstein** asks if the department is wanting to move from credits for the Fall round and increase the Spring round because there are good projects now and it wants to move more money up front because it wants to award the good projects, or is there actually some stimulus dollars that it is trying to apply now that are at risk of being lost if they do not move some of the Fall allocation into the Spring. **Crager** states that the short answer is both, because we are trying to fund good applications that would not be funded in the normal application, and there are stimulus activities for the credits that are currently being allocated that would be available. **Epstein** asks if these dollars would not be available because it is too tight to award them in the Fall. **Negoita** says that is correct. Following further discussion, **Epstein** says he thinks Council has settled on if it is to save stimulus dollars, it is alright to make that move. **Merced** says he will double check the message he was going to send out to make sure the messaging is clear.

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

- *Internal Reorganization.* The Housing Division is being divided into two sections: multi-family and single-family. Dona Lanterman will be in charge of single family, and Dave Summers will be in charge of multi-family. The second phase will be looking at ways to streamline the Director's office. He says he should be able to report about that in more detail at the July Council meeting.

- *Ways and Means.* The department's budget is scheduled to go before the Ways and Means subcommittee next week, and Jeana has agreed to kick off the presentation during the public testimony portion, along with several partners that have agreed to testify.

- *Oregon Way.* This week he attended the third Oregon Way meeting and he wanted to clarify something, based on what Chip said. Originally when the Governor said there was going to be \$39 billion dollars that would be available nationwide on a competitive grant basis, the impression was that there was a large pot of money in the state to compete for dollars on a competitive basis. It actually is a compilation of different agency budgets where their competitive grant dollars are available for states to compete. For example, for NSP round II, states have to compete for those funds, and that was not part of the original calculation. It is a specific pot of money that the Oregon Way Committee will use for recommended projects.

- *Housing Council.* Jeana has agreed to serve another term and will be reappointed for a term expiring June 30, 2013. Chair Medinger's term expires June 30, 2009, and he is not eligible for reappointment because he has served two terms.

X. **FUTURE AGENDA ITEMS.** None

Chair Medinger adjourns the meeting at 1:45 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.