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.
December 4, 2009

MEMBERS PRESENT
Maggie LaMont, Chair
Scott Cooper, via phone
John Epstein
Stuart Liebowitz
Nancy McLaughlin
Francisco López

MEMBERS ABSENT
Jeana Woolley

GUESTS
Tom Cusak
Michael Anderson, Oregon ON
Robin Boyce, Oregon ON
Martha McLennan, Northwest Housing Alternative
Cobi Jackson, One Economy
Dave McConnell, One Economy
Betty McRoberts, Jackson County
Lennie Bjornsen, OCCF
Joni Hartmann, NOAH
Jodi Erickson, WNHS
Jim Moorefield, WNHS
Julie Garver, Innovative Housing

STAFF PRESENT
Victor Merced, Director
Rick Crager, Deputy Director
Nancy Cain, Chief Financial Officer
Bob Gillespie, Housing Division Administrator
Marlys Laver, Asset and Property Management Division Administrator
Lisa Joyce, Policy & Communication Manager
Dave Summers, MultiFamily Section Manager
Jack Duncan, GHAP Program Coordinator
Roberto Franco, Director's Office Liaison
Dona Lanterman, Single Family Section Manager
Rich Malloy, NSP Program Manager
Craig Tillotson, Loan Officer
Carol Kowash, Loan Officer
John Fletcher, Policy Advisor
Mariana Negoita, Tax Credits Program Coordinator
Cheryl Resendez, Loan Closer
Dolores Vance, Loan Officer
Shelly Cullin, Senior Loan Officer
Tony Penrose, Resource Coordinator and CFC Manager
Ernie Kirchner, Program Analyst
Betty Markey, Policy Advisor
Theresa Easbey, Loan Officer
Karen Chase, Regional Advisor to the Department
Karen Clearwater, Regional Advisor to the Department
Deborah Price, Regional Advisor to the Department (via phone)
Bruce Buchanan, Regional Advisor to the Department (via phone)
Vince Chiotti, Regional Advisor to the Department
Jo Rawlins, Recorder

I. CALL TO ORDER: Chair Maggie LaMont calls the December 4, 2009 meeting to order at 9:05 a.m.

II. ROLL CALL: Chair LaMont asks for roll call. **Present: John Epstein, Scott Cooper (via phone), Stuart Liebowitz, Francisco López, Nancy McLaughlin and Chair Maggie LaMont. Absent: Jeana Woolley.**

III. **PUBLIC COMMENT: Victor Merced** introduces Karen Chase, the new Regional Advisor to the Department for the Mid-Willamette Valley Region.

IV. **APPROVAL OF MINUTES**

A. **Chair LaMont** asks if there are any corrections to the November 6, 2009 Minutes. There being no corrections, the Motion was read:

> **MOTION: McLaughlin moves that the Housing Council approve the Minutes of the November 6, 2009 Council meetings.**
>
> **VOTE: In a roll call vote the motion passes. Members Present: Scott Cooper, John Epstein, Stuart Liebowitz, Francisco López, Nancy McLaughlin and Chair Maggie LaMont. Absent: Jeana Woolley.**

V. **SINGLE FAMILY REPORT: Donna Lanterman,** Single Family Programs Manager, reports that the department is in the process of clearing out the last bond sale, and notes that there are currently 53 reservations, and a balance of $8M left in the pipeline for the current bond sale. The average interest rate in Oregon is 4.68 percent, and the department is at 4.5 percent. **Epstein** asks if the department's portfolio is tracking with the industry and if it is having to take out private mortgage insurance. **Crager** says no, nothing unexpected has occurred, and the department is still lower than the private sector. **Merced** asks what the percentages are in terms of default and what it is relative to other HFAs. **Lanterman** says the default rate is 2.35 percent, and the HFAs are at 2.78 percent. **Crager** adds that the last industry report indicated the department was still on the lower side.

VI. **SPECIAL REPORTS:**

A. **One Economy. Dave McConnell**, Senior Vice President of Access Services, and **Cobi Jackson**, Supervisor of Field Work in Oregon, give a PowerPoint presentation about how technology can improve the lives of low-income people. **McLaughlin** asks how the hardware is supplied. **McConnell** explains that there are a variety of ways, and if they can provide a way for the ongoing cost of service to be free or less than $10 a month, they will come up with the computers. Using refurbished computers in the area can provide the hardware as well, and there are programs like Youth Build that provide low cost computers. **Jackson** adds that in their digital connectors program, one of their core competencies is refurbishment, so if they get a bundle of computers, the program refurbishes those and gets them back out to the community. **Epstein** asks if they are using stimulus dollars for the program. **McConnell** says for the proposal only. **Epstein** asks if those are stimulus dollars allocated to this agency, or are they dollars that are independently accumulated. **McConnell** states that they are accumulated independently and are technology related. **McLaughlin** comments that she thinks it is a great idea, is curious how the department and One Economy would work together, assuming they are successful in the grant. **McConnell** explains that what they will ask the department to do is help point them in the right direction as to which rural portfolios and which partners to help with the program so they are in line with state priorities. **Epstein** asks if the $10 a month maintains the youth sponsors in the project. **McConnell** says it maintains a number of things. The actual cost for the ISP is about $5; there is a maintenance cost which is the dashboard and monitoring; and then there is the youth portion of that.

Merced asks if the term "digital divide" has moved from accessibility/availability for people over to qualitative of services that people are able to access. **McConnell** says he does see it slowly happening. They have tried to move the agenda from availability to adoption and a culture of use, but to get there you need to have the media and programs in place to help people feel comfortable using technology. Certainly the long term goal of One Economy is to become a media company. **McLaughlin** asks what they will do if they find the system isn't being used to the level they are hoping for. **McConnell** explains that the goal is not to connect every single unit or make sure that every single resident is using it, but they are looking for change and so in some cases they are happy with 50% use, depending on the size of the project. What they have found is that typically, simply installing a housing project will gain 20-40% usage over the first year. With the stimulus dollars they are hoping to move to a program that does not impose a burden on the housing organization at all, which would leave it all up to the tenants.

B. Oregon Commission on Children and Families. Lennie Bjornsen, Policy Director for the Oregon Commission on Children and Families, explains one of the commission members is Councilman Scott Cooper; Rick Crager was a former member of their staff; and Victor Merced and OHCS is also a member of the commission. He distributes a copy of a PowerPoint presentation and gives an overview of the presentation. **López** asks him how the cuts made by the Legislature impact the functions of the commission. **Bjornsen** explains that they lost one-third of their budget, and they lost one-third in the Runaway/Homeless Fund, making it harder to serve that population. **LaMont** asks if they get any local monetary support from the community. **Bjornsen** says yes, oftentimes the local commission will garner support from foundations, business groups, faith groups, and sometimes community action agencies. They may also invest in a particular counseling program. The leveraging of resources and talent is a hallmark of commissions. They have a grant writer on staff who also does work for local commissions. **López** asks about revenue from the local counties. **Bjornsen** explains that some of the bigger counties will either send county general fund through the commission or waive fees. On the other hand, county government is struggling like everyone else and some commissions pay their fair share to the counties. **Crager** asks about the status of Healthy Start and what they have been able to demonstrate from an outcome standpoint. **Bjornsen** states that for those families that participate, the child abuse and neglect rates significantly decrease. Although it was cut again by 18%, it still continues to be a very major program and continues to demonstrate outcomes. The program is in all 36 counties. **Merced** comments that one of the things that has always been interesting is the statistic that if you are a teen parent, your child has a better than 50% chance of being a teen parent as well and asks if that still holds true. **Bjornsen** says yes, and that in Oregon the teen pregnancy rate has been on a steady decline.

C. Preservation Discussion. Rick Crager explains that one of the common policy discussions and questions that have come up is around the preservation the department is doing and the time period of affordability. He asks if the Council or the department wants to take action in putting a policy forward about the period of affordability on all preservation projects as they come forward. He proposes that Council have that policy discussion in January, and asks Council what they would want from staff in preparation of that discussion. He says staff could make some recommendations based on input from partners, and partners could be invited to testify. **Epstein** says he thinks it should be a global policy around new projects as well as preservation projects, and he likes the staff recommendation idea. **LaMont** says that one of the things she is concerned about is confusing the compliance period with the affordability period. **Epstein** says that is the type of consideration to give. Sort of a sliding scale based on how much resources they get from us. **Crager** adds that the department would not be talking about extending all the requirements of the existing tax credits, just preserving the affordability of the project. **Epstein** suggests looking into what other states do as a guide. **Liebowitz** asks if he is searching for a policy just for preservation or in general. **Crager** says that preservation is what has prompted this, but it could go across the entire spectrum of projects. **Liebowitz** asks why there are limits on the affordability time and why we say after twenty years it can now become not affordable. If our purpose is to create affordable housing and what governs the decisions to fund these projects is need, if that need still exists why set up a cycle that makes it difficult to retain the ability to meet that need? He says we are not here to help people make profits, we are here to make sure that affordable housing exists and continues to exist and to avoid the crisis that we find ourselves now in. **Crager** says that will be part of the discussion. **Merced** says he thinks the idea of looking at what other states and HFAs do is a good one. **McLaughlin** adds that in California most of the programs are pushed to 30 or 50 years.

VII. NEW BUSINESS:

A. *Ames Creek Court* (Sweet Home, OR), Trust Fund Increase Request. **Tony Penrose,** Resource Coordinator and CFC Manager, introduces **Jim Moorefield**, Executive Director of Willamette Neighborhood Housing Services, **Jodi Erickson**, Asset Manager of Willamette Neighborhood Housing Services, and **Joni Hartmann** with NOAH. **Penrose** explains that Willamette Neighborhood Housing Services (WNHS) was asked by Linn County Affordable Housing to assume a portfolio of seven affordable projects. Sunset Corners II was assumed and rehabbed by WNHS in 2008. Carolina 100, Carolina Court and Sunset Corners I were approved by the Finance Committee for a combined $625,000 in OAHTC and closed this past month. In this current request, NOAH will refinance the Ames Creek Court current loan using OAHTC and $98,821 in Trust Fund, along with $95,184 of outside sources for needed rehab and loan pay downs. WNHS is working with NOAH to restructure the remaining three projects: Ames Creek, Sommerville and Cascadia. The projects have suffered maintenance needs, limited replacement reserves and financial difficulties. WNHS took over the management of the properties nearly three years ago and have been working on improving cash flow, adequate property management, construction deficiencies and assessing rehabilitation needs. He gives an overview of the write-up contained in Council's packet. **Moorefield** adds that the situation was different with each property, but what they had in common was that rents had not been increased in too long, property management was not working, there were deferred maintenance problems and, in some cases, poor construction. So they started the much longer process of restructuring property management and implementing rent increases. **Epstein** asks what the source is of the other funds. **Moorefield** says it is WNHS money that was secured from NeighborWorks America. **Epstein** asks if they are matching what they are asking the Council for. **Moorefield** says yes. **Hartmann** states that on this deal, Enterprise has not contributed, but on some other Linn County properties they have. She says they are increasing reserves to $300 per unit. **Epstein** asks if they are confident the numbers are working with what is being proposed. **Moorefield** says yes. **Hartmann** says one of the things to look at is relative rents. The majority of one bedroom units are $355 a month, and with operating expenses of $3,500 a year, those lines start to cross very quickly. **Moorefield** adds that when they started three years ago the economy was much different than it is now. Sweet Home is a small town in rural Linn County. The county as a whole had unemployment at 16%.

McLaughlin asks what the vacancy rate is. **Erickson** says it is at 2%. **LaMont** says she was on the council when this project was first presented and it was in really bad shape. She says she appreciates the organization saving the projects and asks how the portfolio has been improved. **Moorefield** states that some of the answer has to do with specifics on particular properties, and an example is restructuring property management. They had high vacancy rates at most of the properties, and finding on-site managers has presented a challenge for them. **Hartmann** adds that one thing they have seen as the lender is the amount of engagement and oversight that has increased 100 fold. The numbers and property managers are being monitored, questions are being asked, and they have seen great strides in making rental increases. **Moorefield** explains that one of the reasons they were able to increase oversight had to do with capacity of the small organization. They did not have a full time asset manager before they took over and it is working better today than it was three years ago. **Epstein** asks if they have taken ownership of the partnership. **Penrose** says that four of the seven in the portfolio have transitioned. **Moorefield** states that they will take over responsibility.

MOTION: Epstein moves that the Oregon State Housing Council approve an additional $98,821 in Trust Fund to Ames Creek Court for an accumulative award of $198,821.

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

B. *St. John's* (Portland, OR), Predevelopment Loan Request. **Shelly Cullin**, Loan Officer, introduces **Julie Garver**, Housing Development Director with Innovative Housing, Inc., and **Vince Chiotti**, Regional Advisor to the Department. **Cullin** states that Innovative Housing has requested a predevelopment loan in the amount of $323,000 for the acquisition of property located in the St. John's Neighborhood of Portland, which is a key component to the overall design of the proposed project. With the successful acquisition of this property, Innovative Housing will also be responding to an RFP from the City of Portland's Bureau of Environmental Services for the adjacent property. If Innovative Housing is successful in obtaining site control of the adjacent property, then they would proceed with packaging a CFC application for the 2011 CFC. The proposed project would be a mixed-income project for families with incomes between 30% and 60% of median income with eight units for permanent supportive housing. She gives an overview of the write-up contained in Council's packet. **Garver** adds that they have done additional rental survey work since they presented this request to Council, and says the available units in this area are very limited. One of the things the RFP asked for from the City was market rate rents and they wanted to make sure the 60% rents proposed were in a market rate for St. John's. They also found the apartment stock in the area to be very limited, and they are confident that it will be competitive.

Epstein says that Wells Fargo has many transactions with Innovative Housing, but he does not have a direct conflict with this project.

MOTION: López moves that the Oregon State Housing Council approve a Predevelopment Loan in the amount not to exceed $323,000, at a current interest rate of 5% per annum for a maximum of two years to Innovative Housing, Inc., for the acquisition of property to-be-developed affordable housing project located at 8803 N. Lombard in Portland, Oregon.

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

C. *Canterbury Hills* (Medford, OR), Predevelopment Loan Request. **Dolores Vance,** Loan Officer, introduces **Betty McRoberts**, Director of Development for the Housing Authority of Jackson County, and **Karen Clearwater**, Regional Advisor to the Department. **Vance** states that the Housing Authority of Jackson County has requested a predevelopment loan for $500,000 with a current interest rate of 5% and a two-year term, for the acquisition of the site to develop Canterbury Hills. They have site control, which was verified by an appraisal, and they are putting 15% down, plus closing costs and the predevelopment loan. They plan on developing 50 units of family housing for tenants at 50% area median income. She gives an overview of the write-up contained in Council's packet. **Clearwater** says this will be an opportunity for the Housing Authority to get the department involved in the northeast side of Medford, which has historically been higher income and not a lot of multifamily housing. **Vance** adds that because it is a two-year term on the loan, they will have two cycles for CFC to come in for their additional funding. **Liebowitz** states that on the previous project there was a note that since the preservation had priority on the coming cycle they recommended skipping this cycle and going forward in 2011, and asks if that was a consideration or thought on this project. **Cullin** explains that the delay for that project is the RFP process with the city and they did not feel they could do it timely. **Liebowitz** says that is fine.

MOTION: McLaughlin moves that the Oregon State Housing Council approve a Predevelopment Loan in the amount not to exceed $500,000, at a current interest rate of 5% per annum for a maximum of two years to the Housing Authority of Jackson County, for acquisition of land associated with the development of Canterbury Hills in Medford, Oregon.

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

D. *Additional TCAP Reservation Requests.* **Mariana Negoita,** Low Income Housing Tax Credits Program Coordinator, and **Shelly Cullin,** Senior Loan Officer. **Negoita** reports that the department has officially closed one exchange program and one TCAP transaction, both of which have contributed to the preservation of several senior housing units for very low-income individuals in Coos and Multnomah Counties. The exchange program is doing well and six deals are expected to close before year-end, with the remaining closing the first quarter of 2010. She says that when they initially presented the request for ARRA gap funding for stalled projects or LIHTC projects affected by the capital markets, they mentioned they were not 100% confident the requested amounts would induce construction starts and job creation because of the fluctuations in the projects' funding streams. Since then, the following has occurred: First, two projects returned their TCAP funding; one closed last month with an investor; and one is pursuing another funding venue. Council awarded reservations of about 98% of the funding, but with the returns there is nearly 10% of the total TCAP funds remaining. Secondly, the department received additional guidance that has allowed for the determination of the asset management fee. An interdivisional workgroup determined that fee to be $145,000 for the 15 years of asset management responsibilities above and beyond the current level of asset management duties. Third, from closing the first TCAP project, they learned the director's approval of additional TCAP, per Council's August meeting motion of the lesser of 10% or $250,000 per project, was not sufficiently flexible. She says that housing staff found a solution and the project is moving forward, but it would be helpful to have Council's support and funding flexibility. Finally, for the remaining TCAP funding, the department advertised it will entertain requests for additional funding, provided the projects could close by February 12, 2010.

Negoita states that Council has been presented an updated list of projects and a revised motion based on the feedback and requests they have received from sponsors. The primary reason the department is asking for this flexibility is TCAP timing. The TCAP agreements need to be executed for at least 75% of TCAP funding within the next 10 weeks, which is not going to be an easy challenge. **Cullin** says that when they put the original motion together, it was done quickly and they are now in a timing crisis and are trying to anticipate potential gaps in funding. **McLaughlin** asks if they are assuming the other six projects not presented today are not going to have any gaps. **Cullin** explains that those are the bond 4% transactions and the dilemma they have with those properties is the fact that when there is tax exempt bond proceeds there is good and bad cost eligibility. With TCAP resources, there are tracing requirements that are a little different than normal tax credit equity and those collided with the same uses. The bond deals cannot take another dime of TCAP. **Epstein** says that these are true project costs and what we are not doing is giving them more TCAP. These funds are for true third party expenditures that they have encountered on these deals. **Cullin** says that is correct, or loss of lender loans.

> **MOTION: McLaughlin moves that the Oregon State Housing Council approve an increase in TCAP funds to: Astoria Gateway II, up to $1,700,000; Bridge Meadows, up to $2,500,000; Hood River Crossing, up to $2,400,000; The Knoll at Tigard, up to $1,200,000; Miracles Club, up to $1,300,000; The Rockwood Building, up to $2,400,000; Roosevelt Crossing Transit, up to $3,000,000; Upshur House, up to $2,500,000; and Walnut Park, up to $1,200,000.**
>
> **VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, John Epstein, Francisco López, Stuart Liebowitz, Nancy McLaughlin and Chair Maggie LaMont. Absent: Jeana Woolley.**

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

IX. <u>REPORTS:</u>

A. ***Loan Grant Approval Limits.*** **Bob Gillespie,** Housing Division Administrator, states that two legislative sessions ago the legislature increased the ability of the Housing Council to increase the single family loan program limit of what it had to approve to anything over $150,000. Going into the last legislative session, there was discussion about possibly doing the same thing with the statute regarding Housing Council approving any loans or grants in excess of $100,000. HB 2256 removed the language that Council has to approve in excess of $100,000. What the legislature put in its place was ORS 456, which states: "Subject to the approval of the Council, the department shall establish by rule one or more threshold amounts above which housing grants, or other housing funding award proposal requires Council review and approval." That statute goes into effect January 1, 2010. He says the department is in the process of writing the administrative rules and would like Council's input. Council is currently seeing on an annual basis 12 to 15 awards that are currently between $100,000 and $175,000. A lot of what it impacts are the Trust Fund awards, which are right at $100,000. If a project has difficultly and needs a fix, the request for additional increase in funds has to be brought back to the Council for approval. As the department goes forward with new resources that are available, such as the document recording fee, there is a new pot of money and we must decide what is the best way to efficiently utilize it. He says the department intends on taking Trust Fund and the document recording fee and putting them into a pool and rather than having projects receive multiple awards from multiple funding sources, granting them larger awards of one funding source. He asks what Council feels would be a reasonable limit to set.

Liebowitz asks the following questions: What is the purpose of Council oversight? What drives that? Is it just monetary value or is it a limit of an individual project? Or would we want to look at it in a slightly different way, would the aggregate sum of the awards be more of a driving factor? If we are going to commit $300,000 - $400,000 of OHCS funding would that call the necessity of oversight rather than $100,000? Maybe it is not the individual funding source that will drive it, but the aggregate sum. Council would want to see that the larger amount of money is being spent in a way that is consistent with its purpose and mission. **Crager** asks if he would be suggesting perhaps a formula if there is a project that is getting over X% of direct OHCS resources, then it comes in front of the Council. If it is less than that, it would not. **Liebowitz** says either a percentage or dollar amount, rather than being tied to a specific funding source. **Merced** suggests another question would be what percentage, out of the totality of what we look at in a year, does not reach Housing Council? **Epstein** says they are also dealing with the greater issue of whether Council wants to spend less time doing this and more time doing policy. **Merced** adds that the other issue is how far they want to drive the fiduciary responsibility. Following general discussion it was agreed that **Gillespie** would come back to Council in January with a dollar recommendation of $200,000 and an aggregate of $400,000. **LaMont** asks if there is a spreadsheet that could show where the loans have come from. She says she is concerned the $400,000 is going to be too low for aggregate. **Gillespie** says that would help determine if the threshold will make a difference and it gives staff a good direction to work from.

B. ***Neighborhood Stabilization Plan Update.*** **Rich Malloy**, NSP Program Coordinator, explains that this program is used for down payment assistance, closing costs, deferred loans to homebuyers throughout the state, and that nonprofits may use it to acquire properties. There are nine entitlement jurisdictions that have funds; there are 15 loans that are done, but the money hasn't yet been drawn; and there are another 20 – 30 loans in the pipeline. The City of Portland will be doing an application process and has 250 applications that they are reviewing. The department has six nonprofit subgrantees, including Habitat for Humanity and some of the community development corporations around the state. The model for the nonprofits is different, in that they get the grant money to buy the home, they fix it up, and then they sell it to people in their respective home buying programs. He says that underwriting standards have gotten more restrictive for first mortgages, which may make it more difficult for people to qualify for a loan. In January and February he will start bringing numbers to the Council. The NSP II application has been submitted and HUD will be making selections this month. **Betty McRoberts** asks how Oregon stacks up against the other states in spending their NSP funds. **Malloy** says he is researching that question because he is speaking at a conference and they want to know the same thing. He says he will report back to Council with that information. **McRoberts** says her concern is whether that will affect the state's ability to get NSP II funds. **Malloy** says that is a tough question for him to answer, buy he does not think there has been so much progress anywhere that people have spent half or even three-fourths of their NSP money.

C. ***Housing Opportunity Bill Rulemaking Update.*** **Lisa Joyce**, Policy & Communication Manager, reports that no one showed up for the hearing; the draft rules are out for review; the comment period ends on December 21; and the final rules will be adopted on the December 22. She says the department has had limited feedback on the rules, and that by design they are fairly broad. The nature of some of the concerns was the ability to have fees, and the main reason for the fees is to have a sustainable program. **Crager** adds that the key word in the administrative rules is the language that says "may." The department does not charge a fee, but it wants to be prepared in case the money that it takes in does not cover costs. At this point it is not the intent to charge a fee. **LaMont** comments that the fees only pertain to costs to operate the program, so the department could not charge a fee to supplement any other areas. **Crager** says that is correct. The department would have to collect whatever it costs to run that particular program. **Joyce** states that the department's partners at Neighborhood Partnerships are going to be pursuing a minority homeownership symposium that will help the department achieve some of the goals that it has around the homeownership assistance program. There are three areas of priority in existing statute, and the document recording fee added a fourth, which is to increase the percentage of minority homeowners. **LaMont** asks if the department has any idea on how much it will be getting. **Crager** says not at this point. There is a feeling that with the credit that was given to first time homebuyers and then the extension of that credit, that the amount will be higher than initially forecasted, but that is an estimate at this point.

D. ***Federal Stimulus Plan Update.*** **John Fletcher**, Policy Advisor, distributes the OHCS ARRA Update, which gives an overview of each ARRA program. He says the second reporting period is coming up in January, and there are some programs that will be reporting for the first time, including TCAP and exchange partners. On the national level, there have been some concerns on how jobs have been calculated and reported. The federal government is working on the methodology and there may be some reporting changes required. On the state level, an assessment will be given to the department for the cost of the statewide team at the governor's level, but the amount is not known at this time. The ARRA funds do not allow the department to use admin funds for these purposes, so the department will have to find a way to pay the assessment out of other department resources. Weatherization got off to a slow start with some of the problems with reconciling the Davis-Bacon wage classifications, but is now proceeding well. As of December 2, 104 homes have been weatherized. Funds have been committed for the homeless prevention program and the CSBG program, and those programs and CAP agencies are drawing funds. To date, the department has received two-thirds of its expected ARRA funds, and it has spent 5% of the total.

E. ***Report of the Chief Financial Officer.*** **Nancy Cain** distributes a copy of the department's summarized budget. She says she will have an audited version of the department's financial statements for Council at the January meeting. The department turned in its election to participate at the $120M level of the Fannie Mae/Freddie Mac bond issuance program.

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

- The document recording fee process is currently one of the department's biggest priorities.
- The department is in the process of putting together temporary rules around the lottery backed bonds issuance, which will be closed in about seven days, bringing about $5.5M of lottery backed bond proceeds to the department. The funds are specific to preservation, as well as the manufactured dwelling parks.
- Preservation has been an on-going program discussion with the statewide preservation group. The strategy around the $16.3M is that $11.3M has been unveiled, and is currently out in an RFA to be used in conjunction with bonds and tax credit programs. There will be a review process that will go in place after December 15 to develop the line-up of preservation projects. The $5M balance will go into the next CFC. The department hopes to get some details out in the next 30 days with regard to parks.
- The department is undergoing an exercise with DAS and the Legislative Fiscal Office to provide details on how we would take a 5% and 10% general fund and lottery backed bond cut if the upcoming tax increase measures should fail. The department has very little general fund or lottery funds to cut. The programs that are at risk are the general fund food program, as well as the two homeless programs. The department's proposal is to do a pro rata across the board cut, except for the lottery backed bond program, because to get to the amount of debt service that is actually paid this biennium for the bonds that have not been issued, we can only go to a certain amount. It would mean a 7% cut, or $1.5M of lottery backed bond capacity.
- He was involved in the last month's homelessness summit, which was very successful. The purpose of the summit was to reach out to communities that do not have 10 Year Plans in place. The U.S. Census Bureau provided scholarships, and it was well attended.
- He gave a presentation to the Joint Human Services Committee on the status of the Governor's 10 Year Plan, which was well received. He was joined by Joann Zimmer, who provided some of her experience on the local plan in Corvallis. Rep. Huffman and Rep. Kruse indicated they had interest in seeing what they could do to move their communities' 10-Year Plans.

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

- In October, during the restructuring of offices, a staff member or members inadvertently placed confidential and personal information in a recycle barrel instead of a shredding barrel and the barrel was subsequently put on a loading dock where someone found the information and took it to the *Statesman Journal*. The paper published an article about how lax the security was in the building. The security breach also involved the Parks Department. As a result, new policies have been put into place, one of which is a shred-all policy. There is an agency-wide mandatory training scheduled on how to handle instances like this and what to do with confidential information so that this does not happen again. He says he feels confident the department has done everything it can to mitigate the situation. He says he maintains this was a one-time incident, and there is no evidence that any other documents were ever put outside, and the department's position is that the actions taken are enough to mitigate any future kinds of similar incidents. Because of the Consumer Protection Identity Act that was passed in the last session, DCBS is conducting an investigation into the incident. Potential penalties could include $1,000 for each violation, up to $500,000. He says he does not foresee the department being fined to any great degree.

- He had a meeting yesterday with the Community Action Partners of Oregon. They are interested in having a joint meeting with Council, with May 7 as the tentative date.
- A two-day housing conference is being planned for September 21, 2010, along with the community action agencies.
- He passes around a booklet that was published by Transition Projects, a homeless advocacy and provider organization in Portland, called *Where I slept; being homeless in Portland.* The book includes photos of what homelessness looks like. Community leaders were asked to contribute comments on what they saw in the photos, and a poem he wrote was included.

H. ***Report of the Chair.*** **Chair LaMont** reports that Rick Crager was honored by Oregon ON at its annual meeting as a housing hero for his efforts in the legislative session to get the Housing Opportunity Bill passed.

X. FUTURE AGENDA ITEMS. None reported.

Chair LaMont adjourns the meeting at 12:30 p.m.

/s/ Scott Cooper 1/22/10	**/s/ Victor Merced 1/22/10**
Scott Cooper, Interim Chair DATE	**Victor Merced, Director DATE**
Oregon State Housing Council	**Oregon Housing & Community Services.**