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.
February 26, 2010

MEMBERS PRESENT
Scott Cooper
John Epstein
Maggie LaMont, Chair
Stuart Liebowitz
Nancy McLaughlin

STAFF PRESENT
Victor Merced, Director
Rick Crager, Deputy Director
Nancy Cain, Chief Financial Officer
Marlys McNeill, Asset and Property Management Division Administrator
Pegge McGuire, Community Resources Division Administrator

MEMBERS ABSENT
Francisco López
Jeana Woolley

GUESTS
Patti Whitney-Wise, Oregon Hunger Task Force
Anna Geller
Keith Wooden, Housing Works
Gary Langenwalter, 3E Strategies
Cylvia Hayes (via phone), 3E Strategies
Sheila Greenlaw-Fink, Exec Director CPAH
Daryn Murphy, HDC Consultant

I. CALL TO ORDER: Chair LaMont calls the February 26, 2010 meeting to order at 9:04 a.m.

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

III. PUBLIC COMMENT: None

IV. APPROVAL OF MINUTES
A. Chair LaMont asks if there are any corrections to the January 22, 2010 Minutes. There being no corrections, the Motion was read:

MOTION: Cooper moves that the Housing Council approve the Minutes of the January 22, 2010 Council meeting.
VOTE: In a roll call vote the motion passes. Members Present: Scott Cooper, John Epstein, Stuart Liebowitz, Nancy McLaughlin and Chair LaMont. Absent: Francisco López and Jeana Woolley.

V. RESIDENTIAL CONSENT CALENDAR: None.

VI. SPECIAL REPORTS:
A. Connections Between Housing and Hunger: An Update on Progress and Next Steps. Patti Whitney-Wise, Oregon Hunger Relief Task Force, and Anna Geller, Washington County Commission on Children and Families. Whitney-Wise reported that since her first conversation with Council a few years ago, her organization had developed a brochure on USDA food programs in housing complexes, published by OHCS, that is being used with their developers to encourage them to take advantage of some of the federal food programs that are available. She says that overall in the Special Legislative Session they were able to protect most of their services, even though they were not able to increase them as much as they had hoped. She passes around a brochure that was recently developed by OHCS, with the collaboration of a number of groups, with ARRA funds being used to create the publication. She hopes it can be used by the weatherization staff as they go out into the community. It is also being provided to food bank outlets and other partners. She distributes a third brochure for the Oregon Business Hunger Initiative, and explains that with the downturn in the economy and the budget cuts, last summer a lot of schools did not run their summer school programs, which meant the loss of potential sites to feed children during the summer. They went to the business community last Spring and presented them with the brochure to see if they would be willing to help raise money for mini-grants to help operate programs throughout the state. The result is that they raised about $9,600, which was distributed throughout the state in 32 programs in 20 counties. They directly attributed 60 meal sites and 74,495 meals to those sites. The money for the meals came from the federal summer food programs, so it was a return of 203% on the investment by the business community. They will be doing the same thing again this summer. She acknowledges OHCS for giving them a $20,000 contract to help do the work in expanding summer and after school meal programs.

They have now completed their next five-year plan. The first was the Act to End Hunger, 40 ways in five years to make a difference. They made progress on 30 of the 40 items, which included work on the document recording fee and other housing programs. They made the link in that plan that hunger is tied to all poverty-related issues. They expanded food stamps, and currently serve three times as many people as in the year 2000. Most of the increase had to do with outreach and helping people realize that they were eligible. The fact that this program is there and easy to access now made it possible for more families to get the help they needed. In the current five-year plan they have three goals: increasing economic stability for people, communities and the state; cultivating a strong regional food system; and improving the food assistance safety net.

Geller states that there is a tremendous need in Washington County. In the last five years they have seen a 115% increase in children coming in for summer food in their programs throughout the county. Last summer they served over 220,000 meals. She says that what is important for her, in terms of what the department does, is the department’s long history of encouraging the building of community centers in its projects, even though that does add costs. The department
has also been serious with sponsors about having meaningful resident outreach. Washington County works with four different affordable housing owners in about 18 properties to assist them with making their housing site an eligible site under the Summer Food Program and to help them qualify. One of the reasons these numbers are so great is that it is not just in parks and schools in Washington County, but also at many other housing sites. She says that as an owner of affordable housing, she sees a lot of latch-key children that do not have the means to go to the school during the summer to participate in Summer Food. So the fact that partners and housing providers are working together to get the sites qualified means that the children come to the community room, and volunteers from churches and other groups offer tremendous activities to provide socialization, in addition to food. It gives the children something to do four days out of five during the summer. When the children are home alone during the day, they do not eat that day.

Epstein asks if it is easy to qualify a site. Whitney-Wise explains that it is an area qualification, so any site within a school boundary where 50% or more of the children are eligible for free and reduced priced meals is automatically qualified. There does not have to be a kitchen on site if they come under another sponsorship that can deliver the meals to the site. The main thing is to have staff that have been trained in food handling and safety deliver the meals to the children. McLaughlin asks if there is a listing statewide of what sites are certified. Whitney-Wise says yes, at www.summerfoodoregon.org.

Merced asks her to talk about the Earned Income Tax Credit efforts and how they are working together and the efforts that are being made. Whitney-Wise states that she and Victor testified last week at a hearing on the Earned Income Tax Credit, which is a tax credit for low-income working families. It is refundable, so for the lowest-income working families they get more back than they have paid in taxes, which helps them pay for their living expenses. An effort is being made to expand it. Oregon has one of the lowest state tax credits in the country, currently at 6% of the federal credit, and they are wanting to increase that up to 18%. What that would mean is that most low-income families would no longer be paying state taxes on their below-poverty wages. Oregon is also one of the few states that taxes people below poverty. The point is to let people know that even if they have not paid taxes, if they are working they are eligible for a tax credit refund. There is a link to a flyer that OHCS helped put together so people can learn what tax credits they are eligible for and where there are free tax preparation sites in their communities. The credit on average could be anywhere between $100 - $500 for the state credit, and $2,000 - $3,500 for the federal credit. There are also childcare tax credits available.

B. Green and Sustainable Development, Cylvia Hayes and Gary Langenwalter, 3-E Strategies. Hayes explains that they are an Oregon based LLC that does consulting work in renewable energy, sustainable economic development, and green building efforts. They currently are on contract with OHCS to develop a sustainable programs plan, helping guide the agency in two key areas: identifying opportunities to add sustainability components into the programs that the agency delivers; and analyzing the ARRA stimulus funding issue to see if they can identify ways to ensure that the impact of those funds actually continues on paths to funding cycles, specifically as it relates to sustainability programs. They are trying to help identify ways to do additional environmentally sound measures that enable OHCS to deliver social equity even more effectively. There is a significant amount of overlap now in the affordable housing work, especially as it relates to weatherization and energy efficiency and the ongoing green jobs development.
Liebowitz says that one of the key elements of the department’s CFC is delivery of resident services, and he would be interested in ways in which there could be a more intense coordination between the resident service component and the green jobs initiative. Hayes says she agrees and asks if he would like her to follow up with him. Liebowitz says he will be attending the 3-E Strategies meeting scheduled for March 11. LaMont says she is excited about what is going on and the opportunity to have green and sustainable developments, and asks Hayes to give an update about what is going to be developed. Hayes says she is hesitant to do that because they are in consultation with Rick, Pegge and Bob, and several others to find out exactly what the side boards are for the plan. Their original draft was pretty broad and they have not had time yet to circle back around and hear from them the scope that they are wanting from the plan. Once they have that identified and have the draft ready to go out, she will send it to the Council members.

Epstein says there have been a lot of projects that are going green and sealing buildings so tight that they are facing issues with mold inside walls. Many of those projects come back requesting more money to make the repairs, and he wants them to get it right the first time so they are not wasting the department’s money. McLaughlin comments that she is curious as far as developing materials and technologies that are going to be used in green building, and asks if there is an approach in the green jobs plan to institute a measure that hires low-income people. That way we could keep the jobs in Oregon, provide jobs to low-income people, and then have the materials and technologies used for green building in affordable housing projects. Hayes says not directly yet. One of their biggest challenges with the green jobs plan is trying to have a crystal ball to get people trained for jobs that might not really be there. Weatherization is one of the only ones that people are usually immediately employed. The second big challenge is the wage levels. McLaughlin says it seem ridiculous that all the materials for green building are manufactured outside of Oregon. Hayes states that one of the approaches they will be taking with the green jobs plan is including green manufacturing. When you look at the labor market information, farming, forestry, and agriculture is an area that is set up to have the largest green job growth areas.

Liebowitz says there is real tension between green building and affordable housing in that the more money you spend on green building, the less you have for producing more units of affordable housing, and to create some sort of a win-win situation would be something to look at. Also, energy efficiency is the best way to reduce energy consumption rather than just creating renewable resources. He would like to see expansion of the energy education components of the resident services to ensure that energy education is delivered and being able to measure the effectiveness.

Langenwalter states that one other item they were requested to do in the original RFP was to help with the metrics, and the next round of metrics needs to be given to the state legislature by April 1. Crager says that one of the things the department has been looking at strategically is getting new performance measurements approved by the state legislature, and all of the performance matrix are being reevaluated. Langenwalter comments that no matter what else the agency wants, or tries to do, it will be measured against the performance measurements it gives the legislature.

VII. NEW BUSINESS:
A. The Knoll at Tigard Apartments (Tigard, OR), Additional TCAP Reservation Request. Mariana Negoita, Tax Credits Program Coordinator, introduces Vince Chiotti, Regional Advisor to the Department, Sheila Greenlaw-Fink, Executive Director of CPAH, and
Daryn Murphy, Project Manager with HDC. She explains that they are requesting Council’s approval of a $320,000 increase in the TCAP award, and that if approved, the total project TCAP award would be $1,604,917. The project targets the elderly and disabled population at 50% or below area median income, and has a projected construction budget of $11.4M for 48 units. She gives an overview of the write-up contained in Council’s packet. LaMont asks if she can provide more information on the Davis-Bacon wage determination. Murphy explains that the hard costs that hit the project were $480,000 based on the increase in wage rates in November. The two key areas were framing and site work. While the project does not have a lot of site work because it is a relatively flat site, there is an extensive amount of street work and excavation to do. The contractors came back with about $480,000 in cost increases, and with that were increases in their 7% contingency, and increases in anything that tied to hard costs. The construction loan needed to be increased, which meant a larger fee and larger interest. Epstein asks if initially it was not realized that the project needed Davis-Bacon, or if they missed the number initially. Murphy states that they knew it was triggered by TCAP and in November there were huge spikes in some of the key trades. They went a couple of months into December and into the first of the year to see if they could lock those rates in before they jumped, but they learned they had to use the current rates. Epstein clarifies that the numbers originally came in at a different Davis Bacon rate schedule and then due to delays and other things, they were kicked into a more current schedule. Murphy says yes, and the scope has not changed at all. LaMont asks if there are TCAP funds available. Negoita explains that these are the last ones available, and that there will be $54,000 left after this. Epstein comments that the investor is driving the developer fee issue. Murphy says it is partly the construction lender as well. Epstein says that when they are done with this project their balance sheet will look a little better going forward. Greenlaw-Fink says the developer fee is always seen as risk mitigation during construction. Epstein states that Enterprise is looking for a more long-term solution and the construction lender is looking for a short-term solution. Negoita says that on final applications when the projects come in for their tax credits, an analysis is done of the project and if it has too many sources of funding they generally pull back something else. Merced added that the average TCAP investment per unit in general is $48,000, so this project is lower.

MOTION: Epstein moves that the Oregon State Housing Council approve an additional request of $320,000 of TCAP funding for The Knoll at Tigard, LLC for a total TCAP award of $1,604,917.

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

VIII. OLD BUSINESS: None

IX. REPORTS:
A. Neighborhood Stabilization Program I and Neighborhood Stabilization Program II Update. Rich Malloy, NSP Program Coordinator, distributes a copy of the NSP Summary Report as of February 26, 2010, and gives an overview. Crager says that at the last few housing authority meetings he has attended, the question has come up about NSP I and if the department would be looking at reallocating the dollars or were the dollars getting out at a level that was going to enable the department to spend it all within the timeframe. Malloy answers yes, and that in talking to the grantees, there are a couple that have substantial amounts of money and things are going a little slow, so they would probably be willing to give up some funds.
Umpqua CDC is almost through their $900,000 and could use more money. The other option if needed, would be to move some of the state loan money over. **Crager** asks Chair LaMont if there have been any discussions within her area. **LaMont** says it has come up a couple of times, and the agencies that have received funds would like to have more funds. **Crager** comments that timing is the biggest thing, and he has told them that we would reevaluate in January. **Malloy** says he believes in March that decision could be made. The funds must be obligated by mid-September. The department did get some NSP2 funds and they are having a discussion with the consortium members to figure out who does how many units. They have to do at least 100 units, and to get the unit count they will have to do more loans. **Crager** adds that they are excited about the opportunities with that money, as well as perhaps blending it with the document recording fee. DHS has expressed interest in providing some of their service money that could turn this into a permanent supportive housing model for defined populations.

**B. Special Session Legislative Update.** Lisa Joyce, Policy and Communication Manager, reports that there is a strong sense that this particular session has elements of retribution and reward for behavior during the ballot measure election. SB 1005 was introduced on behalf of the department, which will allow the department to bid for the HUD project-based management contract doing monitoring of HUD projects. She says they were successful in getting that through thanks to Councilman Cooper for weighing in with one member who was resistant to the notion that government should do this kind of work. By the time it got to the House side there were no issues and it passed. Other legislation that affects the department included issues around foreclosure notices, neglect of foreclosed properties, and protections for tenants of foreclosed rental housing. The BETC (Business Energy Tax Credit) revision was of some concern to our partners. The revisions that they made to that program have taken about $54M out of the $180M budget hole we were looking at for the end of this biennium, and will continue to protect the general fund into the next biennium. We are also looking at fund sweeps that occurred in order to balance the budget. The Legislature looked at a number of agencies and we were targeted in that process. They originally identified two pools of dollars: one was the Public Purpose Charge Weatherization dollars of about $800,000, and the other was the loan repayments to the Community Incentive Fund, which were dollars that we would have used for preservation activities. The utilities were successful in getting the fund sweep of the Public Purpose Charge removed from the list, but we will lose $750,000 of Community Incentive Fund loan repayments. All agencies were asked to go through an exercise of identifying where ending balances would be, and the Legislative Fiscal Office chose which pools would be reduced. **Crager** adds that although the money that was taken with the Community Incentive Fund was planned for preservation, the preservation strategy for 09-11 is still intact. **Joyce** states that the Property Tax Exemption sunset was extended. The Manufactured Dwelling Parks had a bill pass that said in the larger populated counties personal property valued at $12,500 or less would be exempt from taxes. That happens to be the vehicle the department uses for collecting a $6 per manufactured dwelling fee that funds the Manufactured Community Resource Center. There will be some fiscal impact to the department, the magnitude of which is probably less than $50,000.

**Joyce** distributes copies of Probable 2011 Legislative Concepts, which include rural workforce housing and income limits of people who live in the projects. She says that while working people are still not making a lot of money, because of what the area median income is they are not eligible for housing. **Crager** says this is an issue they heard about from rural partners. If you apply the 60% that can be served to those areas that are very low, workers that earn a very low wage still cannot afford housing. The hope is to identify income levels in certain parts of the
LaMont says that is important to look at. The housing authority waiting list targets for vouchers and the lowest are first to be housed, and there is a gap of people not receiving services. Crager says that one of the best analogies he has heard is that there are individuals in certain parts of the state that work at minimum wage that cannot qualify for our housing programs. Cooper suggests surveying our partners about what the size of the waiting lists are. LaMont suggests contacting Jennifer Donovan and including the average wait time, as well as which waiting lists are closed. Liebowitz asks if there is still a window for additional legislative concepts. Joyce says the window will remain open until session starts. LaMont comments that the vouchers that are available right now are for veterans, and are allocated to veterans’ hospitals or service centers. She says there is a need for all housing authorities to have vouchers and a way to provide services to veterans. Crager says this is something the department has been engaging in discussions with Jim Willis over at ODVA on how we can intermingle more. LaMont states that this is the only new voucher funding that has come out in years. The next question is how the VA will provide services to those once they get housing in those areas where they do not have a facility. Liebowitz asks if they are expanding the vouchers. LaMont says there has been some problems with programs because there is no administrative fee for it, and the coordination of the services is tough.

C. 2010 Gubernatorial Debate Discussion. Lisa Joyce, Policy and Communication Manager, asks Council for suggested questions to submit to Habitat for Humanity for their gubernatorial debate. The following suggestions were made:

- The ongoing need for preservation funding.
- How to address the preservation issue, yet still be able to effectively deal with the ongoing need of affordable housing in the state.
- What their plans or policies will be for affordable housing.
- How they expect to deal with hunger.
- Is there interest in formalizing a process for identifying regional housing needs and meeting them on a regional basis?
- How they envision integrating housing, transportation and workforce policies in their administration.
- Something about how they plan to help implement the 10-Year Plan to End Homelessness. From their standpoint, what is there intent in terms of supporting and funding the plan that is already in effect?
- Would they be willing to commit to putting EHAC into the statute?
- How, or if, they intend to integrate housing with green, sustainable building.
- Proposed solutions to closing the minority homeownership gap.
- What is their goal with the Down Payment Assistance program?
- How do they see streamlining, administratively, the pools of money, like how the recording fee was integrated into the Trust Fund rules, so there is not a significant degree of replication.
- Given the limitations that we have, would the new Governor’s preference be that we emphasize quantity of housing or quality of housing?

Joyce says she will draft the questions and send them to Council for their approval.
D. Federal Stimulus Plan Update. John Fletcher, Finance Division Policy Advisor and ARRA Coordinator, distributes a copy of the National ARRA Overview and the OHCS ARRA Implementation Summary and gives an overview of each document. He points out that in weatherization the department has spent $4.7M of the total award of $38.5M, or 12.3%; and combined with the housing programs, the department is at 20.1%, which is ahead of the curve, largely due to the exchange funds. The department has spent about 17% to date, which is ahead of the original projection. Liebowitz says that the department weatherized 424 units across the state. By his percentage of 12% expended, he asks if it is reasonable to assume that over 4,000 units will be weatherized. Fletcher explains that in the initial start-up there was training, expenditures for vehicles, and things that were not directly related to the units, so he is not sure there is a direct correlation between the 12% and the overall unit counts. Even though there are those discrepancies, he thinks there will be that many units. Liebowitz asks if he knows if the companies that hire for weatherization are doing so on an ongoing basis. If not, it won’t impact jobs if people are hired for a month here or there. Fletcher says he will do some research on the average job length, and on how many are being trained that will still be able to be retained in some way in the weatherization areas. He says another question will be that when these ARRA funds expire or we have spent them all, how many of the jobs will continue? LaMont asks if he knows if some agencies are near completion. Fletcher says there are varying degrees, and he will report on that next month. Merced states that from a big picture perspective, this is a good example of Congress rushing in to put together a program that everyone thought was a good idea. It wasn’t as well vetted and thought out as some of the other stimulus funding issues. In their rush to get some things out there were some things missing. Some states were going through their own cutbacks and putting people on furloughs and cutting back staff, and all of a sudden this wave of money came in and now the states are at fault because they are not weatherizing enough homes. Fletcher adds that ideally, we could have utilized existing programs and processes, but instead it was a one-size-fits-all solution.

E. Housing Council Strategic Plan Updates. Rick Crager distributes a copy of the Oregon Housing Council 2009-11 Strategic Plan and explains that there were seven areas identified at the retreat that the Council wanted to spend some time focusing on, with individual Council members assigned to each area. Four of the short-term strategies will be reported on today, and the remainder at next month’s meeting.

- Legislative Education and Outreach: Cooper reports that he and Jeana serve on the Legislative Outreach Committee with Rick and Lisa. They have concluded that because of the current new legislators and the new executive branch coming on board, they should begin with a basic education campaign. They want to point out that the challenge we have before us is far bigger than the level of investment. Their next meeting will be around focusing, messaging, and putting together the educational strategies. They will be very sensitive that housing looks different in different parts of the state. Rick and Lisa will be on task to do the legislative visits, but Council members will be asked to accompany them whenever they can. Crager says that one of their strategies this summer is to be very active, and that this will be more of a message about the department and what it does. The more they can educate the legislative members, the easier their job will be when session convenes. This ongoing education campaign will never stop. For the department to be effective it must continue to educate about who we are, what we do, and what the key things are in this state that we need to be thinking about. LaMont says her fear is that if the message is too lengthy it will be lost. Cooper says they will put together key bullet points. The size of the preservation agenda will be critical; the extent of the hunger problem; discussing our partners and their agendas; that the department does not directly deliver
services, but that services are delivered through a host of other people and networks; and that legislative support of those networks is critically important. **Merced** asks about federal overlay. **Cooper** says they talked about that and the department is well positioned at the federal level, particularly with Senator Merkley, who is sitting on the Housing and Urban Affairs Committee.

- **Homelessness.** **Liebowitz** reports that he serves on the Homelessness Committee and he is impressed with staff and their creativity and grasp of various plans. Community entities are working on various stages of the 10-Year Plan to End Homelessness. One of the things that they can do as Housing Council members is not only use their office and access to resources, but also their position to help these communities move forward on their plans by contacting local entities, stakeholders and the like. With that in mind, they want individual Housing Council members to take a slice of the geographical pie and reach out to communities to find out what they can do to educate and assist in moving the process forward. There are varying stages and some communities may not have started, or are even aware, so they will need to find out where everyone is in the process. They will then become active promoters and advocates for moving them forward. Staff is going to be preparing information that will allow Housing Council members to be equipped with that information and develop strategies that will work. The strategies will vary from community to community and as we move along this will be refined and redefined. Staff will bring their information forward along those lines. **Crager** adds that this is work that EHAC is working on as well, and is a Governor’s initiative within his plan to develop local 10-year plans across the state. Having Council’s involvement is very good and will mirror much of what EHAC does. He says his intent, as chair of EHAC, is to continue to work and improve on the tools that local communities need to put their plans together. For example, Lincoln County has a template that is designed to help rural communities develop a Project Homeless Connect event. **LaMont** asks if the goal of the homelessness group is for every county to have a 10-year plan. **Crager** says that, although it is not a requirement, part of the Governor’s 10-Year Plan is for all 36 counties to have some form of local community planning. **LaMont** asks how many counties do not have a plan. **Crager** says 17 counties currently do have a plan, or are in process of developing one.

- **Sustainability.** **Liebowitz** reports that there will be four presentations to Housing Council on the best way to bring together the concepts of sustainability and affordable housing. He will be meeting with staff and Cylvia Hayes on March 11 to further explore what that means. Cylvia outlined some of it in her presentation. Over the next several Council meetings there will be a presentation from the Department of Energy on their Oregon Energy Plan; the Council meeting with CAPO will give them the opportunity to blend the affordable housing perspective with the green and sustainable perspective; and there will be a presentation in June on weatherization. Following all of the presentations, they will be able to take a step back and determine what types of policies they can pursue. He points out that this can really be a win-win, for no other reason than if low-income people have an energy efficient place to live and are educated, it will save them money and make their housing costs more manageable. **LaMont** says that one of the goals the national housing organization has for this coming year is to look at a sustainability/green policy and she thinks Council is right on target in looking at that. **Merced** says that is a good point, and they should also pay attention to the newly established office at HUD that deals with this as well. It aligns with the transportation, workforce and housing policies together. **Liebowitz** comments that there might be resources they can tap into as a result of federal efforts.
Partner and Stakeholder Input. McLaughlin explains that her committee overlaps with the other goals. They are hoping for a way to establish some advisory groups focused on certain areas where they can gain outside perspectives on everything from department programs, lending policies, goals for the next year, etc. She distributes a handout that outlines the framework and gives some examples of the types of things that could possibly come to the individual committees for comment. Some of the topics could be a developer fee policy, terms of affordability, etc. She says they want a diverse group not only in background and experience, but geography. They have developed an aggressive timeline and they will need to have input from the rest of Council and key staff as to how this evolves, as it will be pretty visible. Crager says that from an agency standpoint, this would be extremely helpful. If there is a structure in place that the Council could be engaged in from an affordable housing policy standpoint, this would create more efficiency for the department. This also lends itself to what the other Council members talked about today. The next steps would be for them to get into the specifics, if the Council feels like this is the way to go, and what a charter for each of these committees would look like. They want to be able to come back at the next Council meeting to report. Cooper says his greatest concern is that as we achieve efficiency, it is not done at the expense of equity. He doesn’t want to develop a system where potentially those that have the expertise have the advantage over those who do not. He does not want to shut out new players and underserved communities, but wants to create pathways for new voices and new partners to emerge. McLaughlin says she completely agrees and that is why she is stressing diversity. They do not want all the same players that tend to always have their voice at the table. They need to build into it flexibility to have the composition morph. The advisory group members can change according to the topics. LaMont comments that this is a good way to go. She has seen partners be very enthusiastic to assess and offer ideas, which has been very rewarding. It will build support, especially when it comes time to make rough decisions.

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

- The biggest issue facing financial management is preparation for the budget. As part of that they have had two meetings with invited partners. The input received from partners was incorporated into some of the ideas the department had already started on for policy option packages. The partners also gave input on some strategies beyond the budget. She, Rick, and Victor are going to each division meeting to present a shortened version of what they had done for the invited partners, to educate them about the budget and give them opportunities to present ideas and input.
- The department’s budget officer has retired and her position will not be filled immediately. In the meantime John Fletcher and Linda Morter, the department’s budget analyst, will absorb her duties and the budget officer will be coming back in another capacity to assist with the budget, where necessary.
- The department continues to wait for an opportunity to have a single family bond issuance. The department did not elect, under the new bond issuance program, to have any multifamily, but it did elect to have $120M of Fannie Mae/Freddie Mac participation for single family. She hopes to be in a situation by early Spring to issue some bonds. Merced says there was a recent outlook for HFAs that was released and asks if she could give Council a short perspective on what was issued. Cain says it is not good. Moody’s is concerned and is watching all state housing finance agencies. Standard and Poor’s is already starting to make some downgrades. The private mortgage insurers have been downgraded. They are taking the position in some cases that loans insured by certain private mortgage insurers have zero coverage. Which means we could be facing increased requirements on our reserves, and decreased ability to withdraw funds from our single family indenture to fund operations. This is
still preliminary. Moody’s had gone through an analysis prior to the recent private mortgage insurance downgrades on the highest risk and the department is sort of in the middle. **Merced** asks what percentage of the department’s portfolio is delinquent or foreclosed. **Cain** says it is a little over 6%. We always lag the rest of the market, but are getting hit by unemployment. **LaMont** asks about how much the department has increased in its delinquency rate, and how rapidly. **Cain** says that at the end of 2008, it was around 2% in delinquency and foreclosures. A little over a year later it is up to 6%.

**Crager** adds that in the single family report at the end of June we were up 1.5%, and last month we ticked up a bit more. **Epstein** asks how the downgrade would affect the department. **Cain** explains that it will affect the department in its variable rate in places. It is currently about 25%, but that is decreasing.

**Cooper** asks why it is important that the department get back into the single family home loan program, given the availability of cheap capital and given the potential weight on the department’s balance sheet. **Cain** states that when the rates are lower the department is serving. Now the department’s program is not a benefit to the first-time homebuyer. It is money that the department makes. For this year it is anticipated that the department will receive $4M out the single family loan program to pay for its operations. If the department doesn’t continue to make loans, over time that money will decrease. Normally the department is offering a lower than market rate, and it is usually able to offer some down payment assistance in addition to the lower than market rate. Until the department’s rate is a benefit, first-time homebuyers are not going to use the department’s product. **Crager** adds that the department won’t reenter the market until things are back to normal.

**LaMont** states that we need to look at how we are doing business and if there is a better and more efficient way to do business. Is there something we can do that would be a benefit to first-time homebuyers who are not eligible that can provide an incentive to them, or benefit them? Is there something that could be married with that program, or other funds we can look at for that? Our ultimate goal is that we support homeownership. **Merced** says the IDA program is the perfect tool for sustaining first-time homebuyers and even those that are not eligible just yet. It allows them over a period of time to build up a savings account that is matched. **Cain** comments that, in addition, the department has the homeownership assistance account, and now there is a portion of the document recording fee going into that account. Some of that is also for down-payment assistance. **Cooper** says he wants to thank Maggie for her observation, because the department has about a two-month window to rethink some of its core issues and core justifications and core strategies. In 2011 the department will be without the resource base that it now enjoys and we will be asked some hard questions about why we do what we do.

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

- There was no Single Family Report on this month’s agenda because the department is in the process of making changes to the Single Family Program as it relates to staffing. Roberto Franco is currently working with staff as the interim manager because Dona Lanterman has moved into the Community Resources Division. The department purchased ten loans in January for about $1.3M, which leaves the department with 37 active reservations in the pipeline. The money used to purchase the loans is all money from the bond sale nearly two years ago. Currently, eight are on a waiting list.
- With regard to the legislative session, as the department moves forward in its legislative outreach campaign and rethinks what 2011 looks like and what it needs to begin advocating for, the piece that is compelling to the legislature is jobs. He presented to the Business and Labor Committee a few weeks ago, and they had interest in learning about what housing has done for job growth and whether some of the strategic outcomes and initiatives have been met. As the
department begins crafting its messages, it will be important to tie that to the jobs piece and the economic benefit that housing creates. Lisa Joyce will be going to Washington DC in about a week, and he sees that as an opportunity to make sure our delegation is aware of what is going on in Oregon. Merced says that in the past those trips have been helpful in making good connections, and helping the department get in line for some of the HERA dollars that eventually came to the state.

- The need for some form of committee structure is important to him because there are a variety of issues that hit the department and it feels like committees or workgroups are always being formed to try and address those issues. One of those workgroups is the multifamily workgroup. This was an issue brought to the department by Oregon ON that the changing environment has created challenges for the partners and the department in multifamily housing development. We need to rethink how we are doing business and we will need to do things differently. As an example, the Oregon Affordable Housing Tax Credit is a tool that does not work any longer, or at least in this current environment it doesn’t. He is in the process of finalizing the charter for the workgroup with Oregon ON. He says he will send the charter to the Council members, and he would like John Epstein to participate in that discussion as a Housing Council representative. He has built in a component where Housing Council would be represented, with 15 other members. Those members include nonprofit development, private development, bankers, tax credit equity investors, asset management and housing authorities. McLaughlin asks if the group members are currently doing business in Oregon. Crager states that the membership now does not include any out of state members. McLaughlin says she thinks that is a problem. Epstein asks if this group is going to present this to the legislature. Crager explains that they will come up with recommendations that the department might consider programmatically or legislatively, or with recommendations that may need to be carried to the federal delegation. With that comes an outreach effort that has to occur. Epstein says it is not just all the affordable housing trade. If the department starts moving this forward and starts taking it as a road trip to certain legislators, contractors, architects, and engineers, those in the private industry who will make money building also need to be included. Crager agrees.

- The budget meetings with partners have been going well. The timeline is to have the priorities put together by May. The primary focuses are continuing to be on preservation. There was discussion about broadening preservation to year-15 projects. His chief concern is that the department has started a story based on federally subsidized housing projects expiring that have a true end date. Year-15 projects are ones that need to be recapitalized to get to the extended affordability period, which is a different story, and when you start introducing other things you might distract from what the story has been. The next budget priority is homelessness, which would mean a very aggressive homelessness campaign, particularly around the Emergency Housing Account dollars that have been in the agency and flat for at least 12 years. It was reduced last time in General Fund and back-filled by the document recording fee. This would be the chance for the Governor to support his plan and put some resources towards it. There is also a permanent supportive housing element and how the department can continue to do Housing PLUS. It was not renewed this last time, because they wanted to see results. The department wants to be able to show results and be able to renew some momentum around Housing PLUS. Cooper says that in moving ahead in the next year, one of the things that the department still does not have is the compelling story about what the housing needs are projected to be. There needs to be a comprehensive document that ties to demographics and income and where the
department believes this state is going, and then look at its ability to supply that through both state and federal resources, and then does the math and shows the gap. LaMont adds that there needs to be a plan for every pot of money the department has, how it ties in, how it can be put to the best use so there are no monies that are vulnerable. The goal is to use all the money either to provide services or housing.

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

- Tom Potiowsky’s forecast is still painted as gloomy even with Measures 66 and 67 passing. They still had to sweep to get additional resources from other agencies. The current trends are that if things continue at the current rate, it will be a jobless recovery. It is projected that the budget will be $2B short for 2011-2013, and it could grow larger, depending on spending patterns and how deep the recession goes in this state.

- Five states, with the highest incidences of foreclosures and delinquencies, were awarded additional stimulus dollars for assistance for people having difficulties with their mortgage payments. Oregon was not part of that. The department advocated with its national organization, as well as its congressional delegation. So far, Treasury is pretty adamant that they are going to focus on the five states only. They are still open to having conversations later on with HFAs about the consequences in their state and whether or not they would recommend some additional dollars.

- The EITC that Patti Whitney-Wise spoke about earlier, is part of the poverty/homelessness/housing continuum, and was required of the department after HB 2970 was passed last session. It was spearheaded by Representative Nathanson to notify the public about this potential opportunity for low-income people. It was made part of the requirement of the ICHH, which I chair, composed of 13 agencies that meet once a year to look at barriers that affect hunger and homelessness. The EITC requirement was something the department had to undertake to try and figure out strategies to implement. We were praised for our efforts in doing that.

- There have been discussions with a potential Midwestern investor that is interested in doing some 4% in Oregon around our preservation efforts. Because the department has entered into a confidentiality agreement, their identity cannot be disclosed. We believe we may be able to put together a package of projects that are strong and might benefit from their investment.

- He has been having conversations with people around the state to encourage sponsors to look at the numbers of minority contractors that they hire.

- An important issue to be aware of is the re-entry of those who are leaving imprisonment or facilities where they have been incarcerated. A large number of young people are going to be released in the next two to four years who have served under the Measure 10 mandatory sentencing, and they are going to need housing opportunities when they are released. The Governor has appointed the department to be on the Re-Entry Council, and he and Pegge McGuire serve on that Council.

- He wants Council to select three top priorities and some of the challenges and opportunities affecting the state relative to housing for an opinion piece or white paper to be published under the name of the Housing Council.

- There is a minority homeownership summit later this month and he will send Council information on the date and other details.

- The department did cancel its housing conference for this year. However, there is a conference in May that we are partnering with the MacArthur Foundation and the City of Portland around preservation. Information will be sent to Council so they will be able to participate.
• There was talk about having the national housing trust fund funded, which would mean that Oregon would get around $13M. That conversation has slowed. Tax extender legislation is still in the works, as well as a possibility of an NSP III. The conversations that Council has had today are critical because things will look different a year from now. Crager adds that with regard to the department’s federal legislation, the bottom line is that we need to look at the TCAP and exchange to be able to continue to go forward, and we will need to have more exchange to accomplish that. McLaughlin says she wanted to be sure everyone got copies of the executive summary of a study that she sent. It is very good at outlining what the problems are for tax credits, but also gives some proposed options and responses.

I. Report of the Chair. Maggie LaMont reports that she did enjoy being a part of the strategic budget meetings, and received input from housing authority directors at the meeting about how much they appreciated being able to work with the agency. She also appreciated the Putnam Pointe update, and that the department looked at something different to do with the monies. She says she wants that kind of thinking to be encouraged in the agency. She asks if it would be a good idea to have a policy committee. She liked the discussion that occurred on the affordability process, but feels they are lacking input from partners. Crager says the multifamily workgroup was put together for that purpose. LaMont states that she does not want policies that will scare off people. She would like to have the more innovative things fleshed out before they come to the Council. She suggests allotting a certain amount of time to agenda items.

X. FUTURE AGENDA ITEMS.
• March – There will be no meeting.
• April – Hoping to have Chip Terhune.
• May –Joint meeting with CAPO.
• August – Meeting needs to be held off-site, with two alternatives: the Black Bear Inn or the ODOT conference room. Council decided on ODOT.
• September – Meeting will be held in Central Oregon, and will include a tour of projects.

Chair LaMont adjourns the meeting at 1:10 p.m.