

**OREGON STATE HOUSING COUNCIL**  
**Minutes of Meeting**

Oregon Food Bank  
7900 NE 33<sup>rd</sup> Drive  
Portland, OR 97211

**9:00 a.m.**

**January 23, 2009**

**MEMBERS PRESENT**

Larry Medinger, Chair  
John Epstein  
Maggie LaMont  
Francisco López  
Jeana Woolley

**MEMBERS ABSENT**

Scott Cooper  
Stuart Liebowitz

**GUESTS**

Anna Geller, Geller Silvis & Associates  
David Crawford, Geller Silvis &  
Associates  
Tamara Holden, Geller Silvis &  
Associates  
Cyndy Cook, Housing Works  
Keith Wooden, Housing Works  
Tom Hatley, Community Services  
Consortium  
Clay Martin, Community Services  
Consortium  
Janet Byrd, Exec. Dir., Housing Alliance  
Michael Anderson, Exec. Dir., Oregon  
Opportunity Network  
Pietro Ferrari, Exec. Dir., Hacienda CDC  
Rachel Bristol, Exec. Dir./CEO, Oregon  
Food Bank

**STAFF PRESENT**

Victor Merced, Director  
Bob Gillespie, Housing Division Administrator  
Vince Chiotti, Regional Advisor to the Department  
Betty Markey, Housing Resources Manager  
Mariana Negoita, LIHTC Program Representative  
Roberto Franco, Director's Office Liaison  
Becky Baxter, Loan Officer  
Roz Barnes, Housing Program Representative  
Lisa Joyce, Legislative Relations Manager  
Jack Duncan, Regional Advisor to the Department  
Vickie Massey, CFC App Process Manager  
Margaret McDowell, Chief Audit Executive  
Dave Summers, Housing Finance Manager  
John Czarnecki, Architect Consultant  
Jo Rawlins, Recorder

I. **CALL TO ORDER:** Chair **Larry Medinger** calls the January 23, 2009 meeting to order at 9:05 a.m.

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

III. **PUBLIC COMMENT:** None

IV. **APPROVAL OF MINUTES:** Chair **Medinger** asks if there are any corrections to the December 5, 2008 Minutes. There being no corrections, the Motion was read:

**MOTION: LaMont moves that the Housing Council approve the minutes of the December 5, 2008 Council meeting.**

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

V. **NEW BUSINESS:**

A. *Town Center Station (Portland, OR)*, Predevelopment Loan Modification Request. **Becky Baxter**, Loan Officer, introduces David Crawford, Project Manager, and Tamara Holden, Assistant Project Manager, with Geller Silvis & Associates. **Baxter** reminds Councils that in April 2008 the Town Center Station predevelopment loan was approved for \$499,000. Since that time, the project has been awarded funds through the Consolidated Funding Cycle (CFC) and they are now requesting an additional \$253,000 to continue doing predevelopment activities. She explains that the additional \$253,000 will be used to pay for additional architectural, engineering, legal and other design/construction related work that is needed in order to close the construction loan and the limited partnership agreement and begin construction the first part of April, as planned. The loan proceeds will be used to pay for costs that will be incurred to pay for the building permit and systems development charges to Clackamas County which, effective February 1, 2009, will increase by 100%. The effect will be an additional increase of at least \$180,000 to the project and a delay while other funding sources are sought to pay the increase in fees. She gives an overview of the write-up contained in Council's packet. **Chair Medinger** asks if there is some latitude with the county about the system development charges, and if they have talked with the county to try to get them to participate. **Crawford** explains that the predevelopment funds are a great resource that will help them avoid the increase because what they are actually paying for is the architectural engineering to get their permits set done. Once their permits set goes in (it was submitted yesterday) it locks those rates and they avoid the increase. So, they are not paying for the increase, they are paying for the work that it will take to help them avoid the increase.

**MOTION: Woolley moves that the Housing Council approve an increase to the current Town Center Station Predevelopment Loan not to exceed \$253,000, at a current interest rate of 4.00% to Town Center Associates Limited Partnership for predevelopment activities for the development of Town Center Station Apartments and modify the existing term of the loan from two years to six months.**

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

**B.** *Pelican Place (Newport, OR)*, Housing PLUS and Trust Fund Allocation Request. **Roberto Franco**, Director's Office Liaison, introduces Tom Hatley, Director of Housing and Community Services Department, Community Services Consortium; Clay Martin, Program Development Analysis, Community Services Consortium; and Jack Duncan, Regional Advisor to the Department. **Franco** gives an overview of the write-up contained in Council's packet and says they are requesting \$810,000 in development, \$218,400 in supportive services, \$93,600 in rental assistance, all from Housing PLUS, plus \$150,000 in trust fund. **Martin** gives an overview of Tern House, a six-unit apartment complex they acquired under the same program and is a model they will be applying at Pelican Place.

**LaMont** asks if the current apartment complex is a market-rate apartment complex? **Martin** says that is correct. **LaMont** asks if the people that live there that are being replaced, have a variety of income and are low income. **Martin** says yes, there is a variety of income. He believes that in Pelican Place there are a couple of tenants who are receiving Section 8, but that there are a variety of incomes –both in Tern House and in Pelican Place. **Chair Medinger** says he has a similar concern that there is a danger of making twelve families or individuals homeless in order to move the next section of homeless in, and it is costing the department almost \$1 million to do it – just in the form of grants instead of loans. He says he wants to make sure they are really doing the right thing and asks where the twelve families or individuals will be going. **Martin** explains that they are providing a minimum of a ninety-day notice for the relocation and they are giving the current tenants up to 120% of their rent for first and last month's rent in a new place, plus a deposit – essentially three times their rent. In addition to that, they are also providing a moving cost reimbursement of as much as \$500 for them to make that relocation. Then they get to keep whatever they can legitimately keep from their deposit in their current place when they move out. He says he believes the benefits are fair and reasonable and they are going through the property manager that is currently managing the property, as well as other property managements throughout the county to help in indentifying sites. They believe strongly that there is enough housing in Lincoln County to absorb the twelve.

**Chair Medinger** notes that their rents are \$500 and \$600, and asks what the rents currently are in that building. **Martin** says he believes the two bedrooms are around \$650 and \$550, so they are coming down a little bit from what they currently are. **Chair Medinger** says he is looking for the benefit because Council is being asked for not a loan, but a grant close to \$1 million, and they are lessening the rent by \$50. **Duncan** explains that this is Housing PLUS, so the individuals coming in are chronically homeless, so more than likely they do not have any income. That is why the rent subsidy is there. Part of the program is to work with the individuals to get them on their SSI and get them qualified for vouchers. **Chair Medinger** says he supports that and he is not questioning that, but he always looks at grant money or HOME money as liquid gold, because grant moneys are used for the CFC rounds and the department can only do so much because grant money is so limited, and to spend so much of it on lowering the rent \$50 when they could maybe lease the building or something, seems a little extreme.

**LaMont** asks if there is going to be a mortgage on the building. **Martin** says no. **LaMont** asks what the \$600 a month rent will be going towards. **Martin** explains that the rent is going for the support of services and property management. They are getting some supporting service help from Housing PLUS, but it is not 100%, and then after the four years they would have to make it work just on the rents that they would charge. He says they are hoping and believe strongly that they are going to be able to find locations for the residents. **Chair Medinger** says his question is that Council is being asked to approve a grant of almost \$1 million dollars, and grant money is very limited, and they are going to put it into a project and only lower the rents \$50. He says he doesn't see the benefit.

**Discussion** follows. **Woolley** asks why the affordability period is only 20 years and if that is a fixed term. **Duncan** states that it actually has to be 25 years because the trust fund goes 25 years, and if their write-up says 20, that is wrong. **Woolley** asks why not 40 years since the department is providing the money essentially to purchase the building. **Hatley** says that shouldn't be a problem because they are a public agency. **Woolley** says that if the department is helping to buy buildings to serve this population she believes it ought to have some commitment that basically the affordability is going to be maintained and these are not going to be used short term and subsidized and then be flipped, like the problems we have preserving the HUD properties. She says she would like to see the department get a commitment that this is going to remain affordable for a longer period of time. **Duncan** says he thinks that she could put that as an amendment into the motion and he does not think there would be an objection. **Woolley** says she would move the motion on page 19 with the amendment that the affordability term be lengthened to 40 years.

**Epstein** asks for discussion on the motion. He asks if there should be general language added that it is the department's intent that the excess of rental income is to be used for social service support. **Discussion** follows. **Merced** suggests adding the following language to the motion: **It is the intent of this award that excess cash flow be used over the period of affordability for supporting services for this population.** Council agrees.

**MOTION:** **Woolley** moves that the Housing Council approve \$810,000 in Development Dollars and \$218,400 in Supportive Services and \$93,600 Rental Assistance from Housing PLUS, and \$150,000 Trust Fund for the acquisition and rehabilitation of Pelican Place in Newport, Oregon. This approval for funding is contingent upon Community Services Consortium meeting all Housing PLUS and Trust Fund requirements and conditions of award, and on the affordability term being lengthened to 40 years. It is the intent of this award that excess cash flow be used over the period of affordability for supporting services for this population.

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

**VI. SPECIAL REPORTS:** **Merced** explains that today's guests have been invited to talk about each of their respective view points on housing and what some of their challenges are and some of the initiatives that are going to be moved forward on the Housing Agenda. He says this is a different time and the budget shortfalls are very threatening to the housing field in general, and he thought it would be good to have their shared perspective on what is in store and how it affects their particular constituency groups.

**A. Panel Presentation:**

- **Housing Alliance.** **Janet Byrd**, Executive Director, The Neighborhood Partnership Fund, states that she serves as the convener of the Housing Alliance, which is a statewide coalition of 65 nonprofits, governments, and advocacy organizations that are concerned primarily with increasing resources for affordable housing. She distributes three documents: the revised 2009 Housing Opportunity Agenda; a description of changes the Housing Alliance is proposing to the document recording fee; and specific detailed uses of how the document recording fee revenue could be used. She gives an overview of the Housing Alliance Agenda regarding the Document Recording Fee (HB 2436). **Medinger** asks if there would be potential opposition coming from the counties on HB 2436. **Byrd** says there was some discussion from the Association of Oregon Counties that they might want to use the document recording fee as a source of revenue either to fund assessment and taxation functions at the county level, or using it to fund courthouse repair, as there is a huge problem across the state with the condition of county courthouses. Those discussions are still on-going. The county clerks continue to be vocal that they would like a percentage of the fee and we continue to say that we do not really think they should get 5% of the fee for charging a larger amount of money. The Housing Alliance does not think it is extra work to charge a larger amount of money and write four more checks per year. She says they do not think that it is going to make a big difference politically and it would be a lot of money – more money than the department had originally asked for to administer the money (5%), so they would like to not take that off the top if they don't have to.

- **Oregon Opportunity Network.** **Michael Anderson**, Executive Director, explains that Oregon Opportunity Network (OON) is a trade association of over 41 community development organizations and nonprofit housing developers located throughout the state. He says that OON is working with full diligence and force to support the document recording fee. He distributes his talking points and gives an overview of new development, organizational impact, and tenant impact. **López** thanks the CDC's and nonprofits for all their work that they have done in affordable housing with the Latino community. He asks, in times of recession, what is the part that Oregon Housing and Community Services and this Council can do for CDC's to make sure they are able to maintain some level of capacity. **Michael** says that is a great question and it is a question that he does not have full answers to because as they have looked closer at the circumstances they are in, it makes clear what a dynamic system they depend on in order to fuel their affordable housing developments. That is why they believe bringing all the stakeholders together is so important; if they develop a solution just between the CDC's in the state, but it does not align with the expectations of the investors, or it does not align with the realities of private lending, then they may develop a solution that seems very good but would still miss the mark. He says the solution probably includes finding ways to increase flexibility and to look at the current parameters with which they put projects forward to find that spot of alignment. He says that despite these very difficult times, if they are successful in getting the document recording fee, they are going to be in an unprecedented place in terms of what they can do for

affordable housing development in Oregon. **López** asks if the Stimulus Package that the President is proposing includes some money for housing. **Victor** says yes. The preliminary estimate for Oregon is about \$175 million, which is for a variety of efforts and that is not included in the Housing Stimulus that was received this past summer, which was \$19.6 million for the purchase of foreclosed property, and then there was some other bond and tax credit enhancement. **López** says he thinks when the money comes to the state, it is important that the state be able to use a portion of the money so that a part of that stimulus package be used to keep the capacity of the CDC's. He believes it will be important to take the message to the Governor that the CDC's are doing the work that the department is not able to do in terms of affordable housing. **Discussion** continues about the need to conduct business differently during these tough economic times, and the importance of organizations realigning themselves to be able to continue serving low-income populations.

- Hacienda CDC, **Pietro Ferrari**, Executive Director, states that he would like to share the perspective of how the financial crisis is affecting the work of his organization and the constituencies that they serve. He distributes a Fact Sheet about Hacienda CDC and gives an overview of the organization and the work they have done in developing low-income housing for the Latino community in Portland and some rural areas of Oregon. He says that with prudence and due care, they have built an organization that is very lean, with less than 8% of every \$1.00 going to administration, and 92% going directly to programs. They have prepared for this crisis a year in advance knowing that these were going to be tough times. He states that in the underwriting of the family housing projects one line item that gets grossly missed is the expense of managing the assets. He suggests that perhaps by Housing Council working with the CDC and the City, they could work to elevate and recognize that managing assets is a true cost of doing business that should not be subsidized by grant money from foundations, but should be a direct line item cost of doing business. He shares his ideas about how the department could use the Neighborhood Stabilization Program funds and encourages Council to develop policies that encourage land banking and property acquisition. **Discussion** follows regarding the underwriting of asset management. **Betty Markey** states that the department has always allowed it as a line item, but the problem was not having ample income in order to have that as a line item. **LaMont** says she agrees that the department needs to be looking at what it is doing. They are limited with the amount of money they can charge for rent, but all the money cannot go into the project – there has to be money that is allowed for hiring someone that is going to be overlooking all of the assets. She says if the department is looking at ways to assist CDC's it may be there is some subsidy money that could be made available for that. **Michael Anderson** says this dove-tails with the conversation before this panel in talking about the goals of long-term affordability, because the asset management part happens after the deal, but it is necessary in order for the deal to be healthy, and especially as we look into the future of maintaining the asset. He says one of the collective challenges we all share is not only getting the units on the ground, but how to keep those units on the ground, how to keep them vibrant, and how to keep them there for the next family that comes along.

**B. Rachel Bristol**, Executive Director/CEO of the Oregon Food Bank, gave Council members a tour of the Oregon Food Bank facility after the meeting was adjourned.

## **VII. OLD BUSINESS:**

**A. Amended Qualified Allocation Plan.** **Mariana Negoita**, LIHTC Program Representative, reports on the results of the comment period of the 2009 Amended Qualified Allocation Plan (QAP). The comment period was open for nearly 30 days, they received five written comments,

and seven people attended the public hearing on January 5, 2009. As a result of the comment period, two changes were proposed to the amendment to further clarify the department's policy on the competitive allocation limitations. The department has identified the application cap at 825,000 credits per project, and if projects need additional credits, there is a cap to that type of request as well. Also, as a result of the comment period, the department will be requiring written confirmation from the direct investor or the syndicator that they are interested in the additional credits if the department were to provide them. The reason for that is because they have found that direct investors may not necessarily be interested in additional credits, so the department does not want to deploy resources and find out that there is no market for them. **Gillespie** adds that, in part, the department is doing the additional credits because the values have dropped, not because of prices. **Negoita** says the department is primarily concentrating on the biggest problem it has right now in the low-income housing tax credit market, which is that prices are dropping every day on the credits.

**Epstein** asks about the 75-day period. **Negoita** explains that language has been removed from the Qualified Allocation Plan as to the specific 75-day period. This was the first time it was attempted through the CFC process and it is really a CFC requirement. In the QAP it is referred to as a "time frame" – the reservation period is a time frame in the event the 75-day period needs to be expanded to 100 days, 120 days, or whatever that time might be. The specific language as to 75-days has been removed.

**Discussion** continues about the 75-day period.

**Epstein** asks if all the things that we are asking them to do in 75 days is still a reasonable time frame. **Gillespie** says that so far he believes it is. Two of them have already met the 75-day period, which does not end until February 3. The one topic that came up is that the department has asked them to have their preliminary meeting with local jurisdictions on design reveal because that is a long process, especially in the Portland metropolitan areas. That could impact costs later on if the city comes back and requests they make design changes. If that were to happen that would be an unanticipated cost and the department would allow people to come back for a cost change. Overall, he says he believes the department is making reasonable requests. **Epstein** says he is trying to get a feel for what someone would spend. For example, in 75-days they do certain things and it would cost \$10,000; in 125 days it might cost \$35,000, etc. What makes sense to keep things rolling in a reasonable time frame? **Anna Geller** comments that, as one of the people that met the 75-day test, the kind of things that are in the 75-day test are pretty reasonable and, in fact, in their case, as in many cases of their non-profit clients, they have done those things before they applied for CFC. She says she believes these are proven things in the department, and the department has been very supportive of the mission. When it finds it to be appropriate, it extends that time frame and she believes it is working very well. **Epstein** says that answers his question. **Merced** states that the department will continue to try and remain flexible and adaptable to the new market environment. **Gillespie** says **Negoita** has done a remarkable job learning the program and making the changes to the QAP.

**MOTION: Lamont moves that the Housing Council recommend forwarding the final Amended 2009 Qualified Allocation Plan, with the changes listed, to the Governor for signature.**

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

**Merced** explains that Rick Crager and Nancy Cain are absent today because they are presenting to the Public Activity Bond Committee, and in their place Lisa Joyce and Bob Gillespie will be presenting. He says he was just informed that the department was awarded a total of \$387.1 million of bonding authority; \$19.5 million of that is in addition to what we originally requested.

### **VIII. REPORTS:**

**A. *Legislative Update.*** **Lisa Joyce**, Legislative Relations Manager, distributes two reports: one on the 2009-11 Governor's Recommended Budget, Reductions/Investments; one on the Legislative Agenda, and gives an overview of each document. **LaMont** asks if the document recording fee still includes a portion to adding positions for the agency. **Joyce** says they have not yet completed the fiscal impact analysis and she is not sure how that will work with having to take cuts in the Governor's budget. **Chair Medinger** asks that Lisa stay abreast of what is going on with the joint DLCD/OHCS effort to do workforce housing. **LaMont** asks if there will be any federal money coming in to help fund the homeownership programs. **Joyce** says yes, that is definitely possible, but cautions that the federal stimulus package will come with its own strings, so it will not be likely that it can be used for whatever we want. **Woolley** comments that it bothers her at these times that services are being cut for the folks at the bottom of the pyramid, because there will be more need for those services as time goes on before the economy recovers.

**Joyce** says that is an excellent segue to the 2008 Poverty Report, which is an OHCS publication due to be released next Wednesday, in cooperation with the department's community action partners. The community action agencies will be meeting with their legislators and delivering that very message that Woolley just described. She says there has been an incredible increase in demand. Central Oregon had almost a 45% increase in the number of families on the Temporary Assistance for Needy Families program, and there has been a huge increase in the number of people applying for food stamps. She says the report will be available online accessible from the OHCS website.

**Merced** suggests drafting a resolution on behalf of the Housing Council to the legislative leadership and to the Governor talking about Council's concerns about the budget and the constituency that they serve. **LaMont** asks that it be emailed to Council ahead of time so they can have an opportunity to make comments. **Woolley** says she personally feels like Council needs to stand up to what they think is important at this point and time, because the department is in touch in so many ways with the neediest families in the state through a number of its programs. **Merced** says that, with council's permission, he will have staff draft a resolution expressing Council's concerns, and it will be sent out to Council members at least a week before the next meeting for review and comment. **Epstein** asks if it is the department's recommendation or the Governor's office that the department actually cuts money on homelessness programs, but gives money to the Energy Match Maker Program. **Merced** explains that the department had to take General Fund reductions, and the General Fund is very limited and affects very few programs in the department, but these are the ones that it affects. The Energy Match Maker Program, which is part of the Governor's climate change initiative, is a new General Fund program.

**B. Report of Bob Gillespie.** **Bob Gillespie** introduces Dave Summers, the new Housing Finance Section Manager. He states that he, Dave, and John Epstein had a conversation recently regarding the department's policy on personal guarantees; particularly with regard to predevelopment loans. He feels there are changes the department could probably make to its administrative rules, and that will be brought before Council at a later date. The personal guarantees that Council has approved are for people that have LLC's that are very well protected, and the department needs to have a policy that says that people that are signing the guarantees actually have some ability to personally guarantee them. **Epstein** states that what he is trying to do is create an equal playing field for all people to borrow money as to what their risk is. He believes the problem right now is that the policy is not clear on how to get guarantees or at what levels. He says as a Council member he thinks it is important from a fiduciary responsibility standpoint. The department expects loans to be repaid so it should restructure them in a way where repayment sources are lined up. He says it is also a fiduciary responsibility because some of the money that the department is lending out in predevelopment is money from NOAH and other agencies who expect the department to pay them back, and the money needs to be structured as securely as possible to make sure the department can repay the funds.

**Gillespie** introduces **Becky Baxter**, a loan officer with the department, and explains that the department has been notified that it is going to be receiving federal Neighborhood Stabilization funds. Last week KGW interviewed Dona Lanterman and then afterwards reported that the department had the funds, was ready to start disbursing the money, and that Dona was creating a new department – none of which was true. He explains that the department has received notification that it will be receiving the funds and they will be working under a very tight timeframe. He asks **Becky** to briefly explain to Council the five things that the money can be used for and the timeline that is being imposed. **Baxter** says the five activities that the department can utilize the funds for are: 1) a financing mechanism, which is going to be directly to a homebuyer in the form of soft seconds, mortgage buy-downs, rehabilitation dollars, and that sort of thing; 2) to purchase and rehabilitate homes, which is going to be where the nonprofit organizations such as Habitat can utilize the funds to purchase foreclosed properties, rehab them, and then sell them to individuals; 3) the establishment of land banks, and land banking can only be used if there is a foreclosed home on the property; 4) to demolish blighted structures; and 5) to redevelop or demolish vacant properties.

She reiterates that the money must be used for foreclosed properties where the bank has already taken back the paper and the property is in the bank's name. Where organizations like Pietro's could work is in housing counseling where they could actually have a homebuyer that is qualified that could come in and buy a foreclosed property. The HUD rules do require that an individual have eight hours of homebuyer counseling. In that situation, an organization much like Pietro's could provide that counseling for that homebuyer to be able to get them into a foreclosed property. HUD rules also require that the counseling be through a HUD-certified counseling center. The area medium income this will serve is 120% and below area medium income, which is a little bit higher than the Community Development Block Grant - which is only 80% and below. The result is that this will serve a larger population. The 120% area medium income ranges from approximately \$50,000 to \$80,000 a year for a family of four. **Merced** adds that one other thing on the foreclosure counseling piece is that there is money that is going to be allocated under the new federal stimulus bill that almost doubles the amount that was awarded last time, so there will be additional dollars for

foreclosure counseling around the country that is going to be available. **Baxter** says that once the agreement is executed between Oregon Housing and HUD, they will have 18 months to obligate the funds, meaning signed earnest money agreement, signed contracts, etc., and then they have a total of four years in which to actually expend those funds. With land banking, the property can be held for 10 years. **Discussion** continues. **Woolley** says she would like to know how the money is being dispersed. Not necessarily every loan, but she would like enough information that Council gets a sense of how this money is being used. **Baxter** states that with both the grant agreement, which is going to the guaranteed sub-recipients, as well as the application, there will be very strict criteria to follow, with certain underwriting guidelines, because there cannot be any subprime mortgages. HUD will be monitoring the use of the money very closely.

**Maggie** asks about the allocation formula methodology. **Baxter** says the properties that will be purchased have to fall within targeted block groups, which is a requirement from HUD. The department has reserved the right, and HUD has approved it, that at nine months we will again take a look at our same methodology and look at the foreclosures to see how they may have increased, and that may change how some funds are reallocated. The bottom line goal is to stabilize neighborhoods. **LaMont** asks if Council could have a monthly summary of what is happening in each of the targeted areas. **Gillespie** says the department will be receiving applications from the people that will be sub-recipients and he thinks the first thing the department can do is report to Council on what the intended activities are, and then prepare a monthly report, with staff giving a brief summary, similar to the single-family report. **LaMont** comments that there are targeted areas and she would just like a report on how the department is doing in those targeted areas. **Gillespie** compliments Baxter for volunteering to work on this project and says she has done a great job.

**C. Report of the Director.** **Victor Merced** reports that he heard from the Governor's office earlier this week about dire budget circumstances, Council has heard that unemployment is 9% in Oregon, and the budget deficit has grown from the \$142 million for this biennium in General Funds. The shortfall range for this biennium is now \$300-\$600 million, so there are some tough choices ahead. In addition to the cuts Lisa presented today in services to the department in the twelve positions, there are some dire decisions that might have to be made in the coming months. The Governor has some strategies and he has some options available. In addition to ordering additional cuts, he has about \$54 million left in the Emergency Fund that he could tap with approval from the legislature to fill some of the budget gaps. The other option is that there is \$393 million in the Education Stability Fund, which he does not want to tap, but it is available depending on how deep the budget crisis goes. Lastly, there is about \$340 million dollars left in the "rainy day" fund that he could also tap with approval from the legislature. He is not inclined to tap any of those funds because the 2009-11 deficit is even larger. Again, these are fresh numbers from Monday, but there is a \$2.2 to \$2.4 billion dollar shortfall in the revenue forecast. He says there is some light in terms of what the Governor expects from the Federal Stimulus Package, but the numbers are very preliminary. In terms of housing, about \$175 million is coming to the department as a potential revenue stream. That amount includes the foreclosure counseling money talked about earlier, the possibility of an increase in HOME grants, and grants through community action programs. Other options being considered are furlough days for state employees, which the Governor has been negotiating with the Union; and executives of all the agencies giving back the raises they were given last session. He says the furlough program will happen in the next biennium, a day every quarter,

and as soon as they negotiate that with the Unions about which employees will be effected, etc., that will be put into place.

He states that some good news is that the department was granted \$380 million dollars in bonding authority by the Private Activity Bond Committee. The department will also be receiving the MacArthur Grant in the amount of \$5 million dollars in the preservation pool. He says Oregon is very fortunate and the department should be very proud that Oregon is one of 12 applicants selected from over ninety applications nationwide.

**D. Report of the Chair.** Chair Medinger reports that following adjournment of the meeting Council will first go on a tour of the Food Bank, and then on a tour, led by Vince Chiotti, of several affordable housing projects in downtown Portland.

**IX. FUTURE AGENDA ITEMS.**

- Private Developers to talk about their challenges and perspectives.
- OBA, Realtors & Homebuilders to talk about the Document Recording Fee.
- Governor’s Update by Danny Santos, Governor’s Policy Advisor.
- Federal Stimulus Package update by John Fletcher, Senior Policy Advisor.

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

/s/ Larry Medinger                      2/27/09  
Larry Medinger, Chair                      DATE  
Oregon State Housing Council

/s/ Victor Merced                                      3/5/09  
Victor Merced, Director                                      DATE  
Oregon Housing & Community Services