

## **Director's Message**

Date: December 21, 2007

To: Partners and Employees of Oregon Housing and  
Community Services

From: Victor Merced, Director

Holidays are here. Please have a joyous time with friends and family. Think especially of the Oregonians we serve through OHCS programs. We're here to make life better for folks, and I'm proud to say—with your hard work—we're pretty good at it.

The OHCS executive-team partner visits have gone exceptionally well this autumn and winter. We hit the final five cities on our tour—Lincoln City, McMinnville, Salem, Beaverton and Milwaukie—in the past few days. In all, we met with 19 groups of partners across the state in three months.

Every group was different. For sure, there were common themes, but every meeting revealed an added nuance we had not heard before. I have attempted to capture those subtle differences—some not so subtle—in my recent director's messages to you. I hope they've been helpful in aiding your understanding of the positions our partners hold on issues.

It is important that OHCS remain vigilant to the opinions of the women and men who deliver services and the local officials who make policy.

**Four-plus million dollars.** OHCS Deputy Director Rick Crager took the opportunity during the most recent meetings to tell partners of current discussions with the Oregon Housing Alliance,

which is a driving force in our state's policy-planning for affordable housing.

I think we all understand that Gov. Ted Kulongosi has put the brakes any notions by agencies that the upcoming 2008 "supplemental" legislative session is a place to make up what might have fallen off the table during the regular 2007 session.

Being most cognizant of that, the Housing Alliance has crafted a general fund "ask" that is urgently needed but respectfully restrained.

The bulk of that—a total of \$4 million—would go to "preservation" to provide short-term funding resources to respond rapidly to expiring federally subsidized housing projects.

The Housing Alliance proposal includes an additional \$750,000 to help cover the costs that counties incur when designing their 10-year plans to end homelessness.

While some Oregon counties have finished their plans, many simply do not have the resources to get the job done, as identified by Gov. Kulongoski in his soon-to-be-released 10-year state plan to end homelessness. The proposed financial resource would give counties the boost they need to complete their homelessness planning, and, for those counties with completed plans, the means to begin implementation.

**Road trip roundup.** Homelessness is certainly on the minds of partners. We've heard it throughout the state. Clackamas County officials proudly reported at the Milwaukie meeting that their 10-year plan to end homelessness was complete.

The subject had particular currency with leaders in coastal Lincoln County, which is a model for a rural county doing homeless-prevention planning.

This is a county that has submitted its plan. As was pointed out at the Lincoln City meeting, people are living in tents and living in motels because “there are no places,” as one advocate stated.

This belies both a homeless issue and a workforce housing issue. Many people here are forced to live in the woods because they have little or no resources. Others have resources, but still can't find reasonably-priced accommodations. They may live in motels.

Land and home prices are so high on the coast that all too many folks who are well-employed still don't make enough to pay for local lodgings.

Steven Bechard, police chief of the Lincoln City, noted that several of his officers live out of town. Conditions are complicated because of the dearth of housing. One housing advocate pointed out that a police officer, for example, would be favored by a landlord to occupy an apartment over a family with a Section-8 voucher.

So, we find the challenge of finding local housing for local workers merges with homelessness, which complicates the question of what constitutes affordable housing in any one place. And the problem is particularly acute in the resort communities across Oregon where housing costs have shot off the charts.

Sorting this out requires no small statistical synopsis. That's why OHCS has taken on the considerable task of analyzing and tracking data that will give a numerical picture of workforce housing across Oregon.

Our partners keep asking, “What is affordable housing?” The mayor of Newberg wanted to know, as did the city manager of Dayton, not exactly resort communities. But they too have seen land prices escalate with deleterious effects on their communities.

The answers for specific locals around the state will be forthcoming when the OHCS housing study is fully refined. Preliminary findings have been reported to the Oregon Housing Council, but more work is required, and by next fall we intend to have the housing analysis available as a touchstone within the application process for the Consolidated Funding Cycle.

This CFC test will help builders of affordable housing predetermine the efficacy of the projects they propose, given existing community resources and future needs. For instance, the CFC data will tell a developer wishing to build elderly housing what the “local need” is, and, accordingly, help determine the probability for that elderly-housing application to gain CFC acceptance.

Giving unambiguous feedback to local communities by OHCS was the thrust of a notable comment about the potential use of the workforce housing data from an advocate at the Beaverton partner meeting. Ramsey Weit, executive director of the Community Housing Fund at Washington County, recommended holding the data up as a “mirror” so that housing developers, elected officials and advocates get a clear picture of workforce housing needs in their towns.

**Manufactured park news.** We learned in McMinnville that preliminary agreements are in place, providing for the first manufactured-home-park buyout under the new Oregon law designed to help park residents—many of them very low-income—take ownership of the land.

Peter Hainley, executive director of the Community and Shelter Assistance Corporation of Oregon, reported that all 26 residents of Victor Manor at McMinnville have joined the co-op, which has agreed to buy the 30-space park. Peter says CASA is “looking at about five other” manufactured housing parks in the state for purchase.

The tricky part, of course, is coming up with “gap” financing, the difference between the price of the park and the financing that the co-op can sustain. The high cost of land in the current economy is much different than was the case several years ago in New Hampshire, which pioneered park buyouts by residents and created the model to which Oregon aspires.

Use of OAHTC for park purchase, allowed by the Legislature, is limited, as we often remind partners because “the pipeline is full.” That is to say, the Oregon Affordable Housing Tax Credit is such a wildly effective financing tool that it has nearly reached its current cap for funding affordable housing projects outside the CFC.

Rick tells us, “We’re not going to save all the parks. Some will close. The issue then will be: Where will the residents go?”

That’s a tough question, and one that will be asked again and again. Why? Because many moderate- to low-income Oregonians depend on these parks for affordable housing. In Clackamas County alone, we heard, there are 6,500 manufactured home spaces that should be considered for preservation.

**Preservation.** In Salem, much of the partner conversation dealt with preservation of Section-8 affordable housing that is at risk of being purchased for market-rate renters. This of course is a widespread challenge for OHCS as many properties reach the end of their affordable housing agreements with our department.

We've lost a few housing developments to the market, but we've saved many others. And thanks to support by legislators this year, OHCS expects to save many more.

Dennis Kilfoil, executive director of the Marion County Housing Authority, was particularly enthusiastic about the economic efficacy of supportive services being attached to housing as a money saver.

“You need all the elements of support,” said the affordable housing developer. By providing amenities, Kilfoil argued, you ensure the long-term tenancies and save the government money.

Lack of resources is the sword that hangs over the programs that governments finance and administer. So it is, especially, we were told, in small towns and rural counties. Partners from these places believe they lose out to the expertise of large staffs in big counties and cities.

We heard it from Mayor Jim Fairchild of Dallas. We heard it from Rita Grady, executive director of the Polk Community Development Corporation. (We also heard it from officials in the rural counties of eastern Oregon.)

We know resources are thin in many parts of the state, but OHCS makes every effort to fairly distribute financing opportunities for affordable housing, and our pledge is to continue to do so.

Speaking of big, Washington County's social services need is growing so fast that it is heading for a “train wreck,” insisted one advocate. Jerralynn Ness, executive director of Community Action Agency for the county, did not mince words in describing the problems accruing to the state's high-tech epi-center and suburb of Portland.

“The poverty population is growing six times faster than the rest of the state,” she said. “But Washington County is still the economic engine in the state.”

People here, Ness predicted, will have critical needs for jobs, health care, housing and child care. “We’ve slipped way behind in allocation.” Other advocates echoed the need, particularly relating to the growing numbers of refugees settling in Washington County.

**High need.** Laments were often heard in our meetings over the failed document recording legislation designed to help fund the incredible demands for housing in our state. In the waning days of the 2007 legislative session, the proposal died in committee. The concept is not going away. Advocates everywhere believe it is a necessary tool to help maintain Oregon’s livability.

Another key concept that repeatedly reared its head in our partner meetings: inclusionary zoning. It would require that a portion of new housing developments be set aside for affordable housing. Wilsonville Mayor Charlotte Lehan touted its value at the Milwaukie meeting. And state Rep. Suzanne Bonamici brought it up at the Beaverton conclave.

Inclusionary zoning is one potential piece of the puzzle to address the incredible need for affordable housing. In Clackamas County, it was reported that well over five-thousand households are in the Section-8 queue, which translates to six years’ wait-time.

Another proposed piece to the puzzle: land banking. This would allow public entities to amass land and develop it for affordable housing at below-market rates. Still, costs of land banking can be preventative.

So, the executive director of the Clackamas Community Land Trust, Sarah Buckley, offered a solution: Have cities and counties

do the land banking because non-profits cannot afford the holding costs.

Ideas from OHCS's Oregon partners abound. The state is indeed fortunate to have such active advocacy and a culture of open expression.

I have attempted in my recent messages to capture the mood and sentiment of the state. These rather long letters have been crammed with concepts and comments that are meant to enlighten. I know I have not reported every partner's view.

Nonetheless, I believe the OHCS executive team has collected enough information during our visits across the state to help form good public policy in the days and months to come. With your continuing input, we will make exceptional progress as we have this year, now coming to a close.

Please join me in having a safe and happy holiday.

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*A leader is the wave pushed ahead by the ship.*

~Leo Tolstoy