

## **Director's Message**

Date: December 7, 2007

To: Partners and Employees of Oregon Housing and  
Community Services

From: Victor Merced, Director

OHCS demonstrated this week that our agency is here to help in a crisis.

I'm referring to the flooding brought by hurricane winds that hit the north coast and inland highlands last weekend. As a result, I have spent long hours in planning with the governor's emergency staff. Also participating in the planning: Rick Crager, OHCS deputy director, and Bob Gillespie, administrator of the Housing Division.

The collaboration among state agencies has been nothing short of incredible. The multi-agency response, managed by Paul Evans, a senior policy advisor to the governor, includes OHCS to provide key funding supports. A declaration by President Bush will trigger the flow of help from OHCS, which has identified a variety of resources to aid the storm victims.

This help includes making available some 240 vacant units in department-financed housing. A presidential declaration would also allow release of federal funds from Home Tenant-Based Assistance, Weatherization, the Emergency Housing Account, the Community Service Block Grant and the Low-Income Energy Assistance Program.

In addition, OHCS is communicating with the community action agency at St. Helens to support the recovery at nearby Vernonia, one of the hardest storm-hit areas. Oregon Food Bank, supported by OHCS, has authorized the release of 70,000 pounds of food for the people left in need by the storm.

In a few days, I expect to be able to report more on recovery support by OHCS, following a fly-over of flooded areas. This is being provided through the exemplary service of the Oregon National Guard.

Who would have known two weeks ago when members of the OHCS executive team visited the north coast and western Columbia River that this very same part of the state would be slammed by sustained 100-plus mile-per-hour winds and flooding.

**Road trip.** Wet it was. The rain tracked us from Cannon Beach to St. Helens, then from Eugene to Corvallis. Blinding rain, the kind that outpaces the wiper blades and makes the road ahead a smear of slickened asphalt defined by glimpses of white line.

But there was nothing at all unclear about the messages from partners of Oregon Housing and Community Services here—on the north coast, along the western Columbia River and in the state's major university cities.

Times are tough, said our anti-poverty advocate partners, for too many Oregonians. Still, our partners appreciate the work of the governor and Legislature in attempting to meet the demands for housing and services.

When members of the OHCS executive team came calling here, partners advised us just as poignantly as had partners two weeks earlier in central and eastern Oregon where dry skies made driving much easier.

**Big timber gone.** One thing is glaring: Timber harvesting, that once gave working men and women throughout Oregon the economic power to earn a middle-class lifestyle, has lost its punch. The mills are largely gone but many of the people have stayed, hoping for a resurgence of logging or casting fate to tourism.

Tourists don't understand the true nature of rural poverty when they visit the coast, said Rep. Debbie Boone, who attended the Cannon Beach meeting. She was referring to sightings by well-heeled vacationers gliding by in their SUVs, past aging mobile homes and weathered houses, domiciles to many proud coastal residents who live on de minimis incomes.

The upbeat Boone has been a supporter of a statewide increase in the charge for recording documents by counties. This would augment funding for affordable housing. The bill failed by a few votes near the close of the 2007 Oregon legislative session.

Rep. Boone suggested that Oregonians had not seen the last of the legislation, and she repeatedly invoked the name and work of her colleague Sen. Betsy Johnson, who represents north coast and Columbia River communities.

**Thirty percent AMI.** Dismal pay scales on the coast create the impression of a huge disconnect in determining who will be eligible to live in tax-credit housing. This was not lost on Legal Aid attorney Ellen Johnson, who called on OHCS “to fine tune the requirements.”

Those requirements relate to “area median income” or AMI, a calculation used by OHCS to determine eligibility of working poor persons for low-income housing.

Johnson noted, 60 percent AMI doesn't fit here, and she is right.

She understands that pay is so low in some coastal towns that serving poor workers requires a much lower AMI, which is exactly what we do where necessary.

As OHCS Housing Division administrator Bob Gillespie pointed out, most of the tax credit deals throughout the state are pegged to serve persons making 30 percent and 50 percent of area median income.

**Two-tier tax.** A notable idea was put on the table at Cannon Beach, the coastal town that pretty much defines the disparity between high-cost housing (median home price reported to be around \$400,000) and low-wage jobs. Affordable housing advocate Lane deMoll of NeahCasa, suggested a two-tiered taxing system to support local workforce housing.

Her idea is that homeowners with second homes in resort towns pay more tax so that service workers—polite folks schlepping salmon soufflé in fine restaurants—and young professionals—law enforcement officers and health care providers—can live in the same communities where they work.

Noting that Canon Beach is a relatively isolated coastal town, deMoll stated: “From here there’s no place to commute.”

**Meth, jail, a couch.** The cycle of drugs, incarceration and homelessness is a tragedy that plagues all too many Oregonians and the towns that must cope with the maddening challenges that ensue.

At the St. Helens meeting, Rita Barnhard, Columbia County commissioner, acknowledged a large drug problem exists, and meth production can go undetected for a very long time in the rural interior.

Columbia County is “not really all rural or urban,” Barnhard pointed out. “We’re a mix.” She explained that Scappoose, particularly, has become a bedroom community to Portland with attendant transportation and social service problems.

St. Helens Mayor Randy Peterson said, “We’ve seen tremendous residential growth here but very little commercial or industrial growth.” So, people who commute to work in Portland have a small-town lifestyle in villages along the Columbia, but other residents may not have the earning power provided by big city paychecks, and they can all too easily fall into poverty and drug use and homelessness.

Drug users and other people facing incarceration often move through the corrections system, then failing to find available affordable housing, find themselves at the mercy of friends who put them up on their living-room couches. Not a picture of a system in sync.

Jim Tierney, deputy director of the Community Action Team at St. Helens, gave ringing support for “permanent supportive housing,” the foundation of the Housing PLUS program being developed by OHCS and partners at the Department of Human Services to help desperate Oregonians who require intensive services to break the bonds of homelessness.

Communities can help, Tierney suggested, by understanding that many people face enormous challenges that cannot be hidden away. It is vital to inoculate average citizens against the common NIMBY response when rehab facilities are proposed to be placed down the street. If it’s “not in my backyard,” just where will it be?

**OAHTC unique.** The Oregon Affordable Housing Tax Credit is a complex financing tool that our agency uses to provide developers

with leverage to dramatically reduce the interest they pay on the money required to build affordable housing.

A critical question arose in St. Helens: How close to the market ceiling is the OAHTC? Tierney asked. He is a former developer of affordable housing and wanted to know if the housing-market forces that now threaten the value of real estate across the nation have diminished the power of the OAHTC to leverage money in the eyes of commercial bankers.

No problems that we know of at this time, answered OHCS Housing Division administrator Gillespie. He reminded the gathered partners that OAHTC is unique to Oregon and that other states have been considering adopting the tool to help finance their own low-income housing.

**Small, scattered developments.** Serving the needs of places like Columbia County requires tweaking the affordability time-period requirements, said Tierney. He suggested OHCS make rule changes that allow scattered developments of four to six units in a particular location, each with different local owners.

This is a worthy idea. It just might serve the people better in providing affordable housing. Further, it just might give the owner/manager of one small development the chance to serve the low-income market well by packaging his development with that of other owner/managers in locations down the road.

In a few days, I will bring you news of the Eugene and Corvallis partner visits. As I said up front, it rained like crazy the day we were there. But that did not dampen the spirits of football fans on the eve of the Civil War Game, nor did it slow the pace of ideas passed on to the OHCS executive team.

*Lord, this is a huge rayn!*  
*This were a weder for to slepen inne!*  
~Geoffrey Chaucer