NEWBERG HOUSING FOR WORKING FAMILIES
AD HOC COMMITTEE
Tuesday, July 29, 2008
4 p.m. to 6 p.m.
Newberg City Hall
Permit Center Conference Room
414 E. First Street, Newberg, OR

I. OPEN MEETING: Chair Philip Smith opened the meeting at 4:02 p.m.

II. ROLL CALL:

Present:	Bob Larson Mike Willcuts Dennis Russell	Philip Smith Rick Rogers	Joel Perez Mike Gougler
Absent:	Charles Harris, Kevin Winbush, Bob Ficker		
Staff Present:	David Beam, Economic Development Coordinator/Planner Barton Brierley, Planning Director Dawn Karen Bevill, Recording Secretary		

III. MEETING MINUTES:

Motion #1 Larson/Gougler to approve the minutes from the July 15, 2008 meeting. The motion passed by unanimous voice vote.

Chair Smith announced a he will be deviating from the order listed on the agenda.

IV. PRIVATE FINANCE ISSUES:

David Beam introduced Stuart Brown, a local mortgage broker. Mr. Brown explained acquisition of a home loan is the largest barrier. There are requirements imposed by the secondary market, which are the main source for individual home buyers; 88% of all loans are through government sponsored enterprises (e.g. Freddie Mac and Fannie Mae). Loan restrictions cause the biggest impediment to would-be home buyers. Down payment and closing cost issues create further limitations, making the process that much harder. The minimum down payment could be increased from 3% - 5%. Education is needed to prepare for home ownership, which at this juncture is poorly done. At the community level, education is paramount in preparing borrowers for the obstacles that may occur. There are fewer and fewer lending choices and participants have fewer choices for borrowing advice.

Chair Smith asked if education includes teaching individuals to save money. Stuart Brown replied absolutely.

David Beam introduced Jonia Pierce, Home Ownership Manager with the Housing Authority of Yamhill County (HAYC) and he asked Stuart Brown if bankers refer potential homeowners to the program offered by HAYC. Mr. Brown replied yes, when it's required. Two trainers have been on his staff and his assistant was a certified HUD trainer. Training seems to come at the latter part of the home acquisition process.

Rick Rogers asked how this problem relates to the local school system. Mr. Brown replied it would be an advantage to offer homeownership training as part of the curriculum in our schools. Ultimately, a meaningful change is through community focus.

Jonia Pierce explained the Yamhill County Affordable Housing Corporation (YCAHC) teaches various classes, including credit risk and counseling to mitigate foreclosure. A homeownership education fair has been held for the past 2 years at St. James Church/School in McMinnville for first time home buyers, and targets Hispanics and bi-lingual individuals, as well. The Fair will be held again this fall at the same location for 5 hours on one day, with lunch provided. There will a one-on-one sessions for questions to be answered and the resource center is open to anyone.

David Beam asked if there could also be a Fair held in Newberg. Jonia Pierce replied yes, the venue could be changed; one year in McMinnville, the next in Newberg.

Dennis Russell commented he has several employees who make a good yearly income and still can't afford to buy a home in Newberg. Personnel are asking what kind of resources can be brought in to help.

Stuart Brown replied it wouldn't take much for a financial institution to put together information targeting those needs. He also stated that there are opportunities for companies to create a grant program to help with those housing needs.

Chair Smith asked staff to put together a proposal for a housing education fair in Newberg for next year, inviting the general public, including employers and employees. That proposal could be taken to the City Council in the near future, long before this committee has come to a conclusion. **David Beam** replied he would work with Mr. Brown and Ms. Pierce to develop the proposal.

Bob Larson agreed the sooner the better.

Stuart Brown added some employers could create a special reserve account, with contributions going for home ownership in lieu of a 401K program.

Mike Gougler asked if this proposed fair in Newberg would copy that which has been done in McMinnville.

Chair Smith replied yes.

Mike Gougler asked if the program is designed to assist prospective homeowners at the applying stage or at the closing stage. Jonia Pierce replied it aids individuals at all stages.

Jonia Pierce stated an event for Newberg would need to be scheduled in 2009. The annual event in McMinnville has been county-wide, as well as for Polk County.

Chair Smith suggested having the Newberg fair next spring, maybe in May.

Bob Larson would like to see an emphasis on the educational aspect.

Jonia Pierce explained the upcoming event is focused on first time homebuyers. The event is scheduled for the end of this September, first of October, but didn't know the exact date. She will contact David Beam with the exact date. With the help of donations, a drawing will be held for $1000 down-payment assistance.

Barton Brierley inquired about financing problems with non-conventional housing, like accessory dwelling units or small, multi-family dwellings. The response he often hears from people is the lenders won't lend on such projects.

Stuart Brown replied the credit crunch is real and is getting even more difficult. Building is most impacted by that and the only cure for that is time for the market to correct itself. Creating strategic partnerships with local banks are one possible answer.

Chair Smith stated the time horizon for the credit crunch correction is for the next few years, but long lasting crimp on affordable housing is the availability of land.

Mike Gougler stated the two biggest impediments are down payments and closing costs. Education is allowing potential buyers to satisfy the concern of the down payment. His concern is the credit process and believes the education net should be cast wider. Affordable housing means working on improving credit history and this needs to be taught. Poor credit ratings not only affect buying a home but renting an apartment, as well.

Stuart Brown agreed making better renters means making better buyers.

Chair Smith asked if Jonia thinks the fair agenda speaks to both groups.

Jonia Pierce replied a program to those who are ready to rent will be offered through the Section 8 program, apart from the fair.

Jonia Pierce described the Valley Individual Development Accounts (VIDA), which is a collaborative between 27 non-profits, including CASA of Oregon, housing authorities, and financial institutions throughout the State of Oregon. Through VIDA, CASA of Oregon is able to offer Individual Development Accounts (IDAs) for homeownership opportunities to farm workers and the general population with low incomes. IDAs are matched savings accounts. Every $1 saved is matched with $3 more that can be used to buy a first home, start a business, attend school, repair or modify existing home, or purchase equipment or technology for work. It can be combined with employer programs for down payment. Money is received only after the ABCs of Home Buying class has been completed by the account holder.

V. RETENTION OF AFFORDABLE HOUSING - HOUSING REHABILITATION:

Jonia Pierce explained that a rehabilitation grant from the State to the City is being implemented. Steve Olson, a planner with the city, sits on the housing board, along with other city and county leaders, collaborating and pulling together resources. HAYC offers a standard rehab loan of $15,000 and up to a maximum of $25,000 at 0% - 2% interest with deferred payments or installment payments, depending upon the applicant's adjusted gross income. The total balance of the loan is due and payable when the property is sold. The city had a housing rehab grant back in the 1980's that targeted rental rehabilitation.

Rick Rogers stated that he understood that there hasn't been an apartment complex built in Newberg in the last 10 years.

Jonia Pierce replied Newberg is harder to work with then any other area. She has heard the same from development contractors, as well. The citizens still need the help, but it's a difficult process to get through in Newberg.

Stuart Brown agreed, especially those of moderate income.

Jonia Pierce described the Village Quarter in McMinnville on Third Street, a 55+ (age) subsidized apartment complex, stating that such a development would be also be ideal in Newberg.

VI. POTENTIAL AFFORDABLE HOUSING TOOLS – SUMMARY:

David Beam stated 7 out of 10 responses were received from committee members.

Chair Smith stated this committee needs to look at developing the tools that can be done during their lifetime. He noticed that examining city fees is high on the list.

Mike Gougler stated incentives should be provided by the City in order to entice companies into the area. He agreed the fees are high and the planning process can often take several weeks or months. He suggested a review of the approval process. He's spoken to Barton Brierley about the process. He's had the experience of planning staff members speaking about each other and what will and won't be done.

Bob Larson commented there may be real inefficiencies to the process.

Dennis Russell stated Friendsview is his 6th project, his 3rd in Oregon and 2nd in California. This project has been the most expensive thus far, with the possible exception of Davis, CA.

Mike Gougler suggested the credits on SDC applications should be looked at first of all.

Mike Willcuts explained in detail a program at Orchards Lair, where they have been guaranteeing a mortgage payment at only $700 for the first two years, then the mortgage payments return to whatever their normal rate would be.

Chair Smith asked if this can be done elsewhere.

Mike Willcuts replied it depends on the ordinance of the city.

Chair Smith agreed a straight forward, comprehensive program to affordable housing is needed. Flexibility on lot sizes and setbacks are needed, as well. Details need to be worked out. The Planning Commission has recognized the encouragement of density, but there needs to be some tradeoffs. Design is a concern. How do you ensure high quality in a development of high density and yet have it be relatively inexpensive? This balancing of issue is being examined by the Planning Commission. He believes a clear path will be appreciated by city staff, by cutting down the amount of subjective staff decision making.

VII. MEETING SCHEDULE:

David Beam stated city staff will soon communicate with committee members by email concerning a potential future meeting schedule.

VIII. OTHER BUSINESS:

The next scheduled meeting is on August 12, 2008, 4 p.m.

Barriers to Affordable Housing and Retention of Affordable Housing for Mobile Home Parks will be included on the August 12th agenda.

IX. ADJOURN: The meeting adjourned at 5:51 p.m.

Approved by the Ad Hoc Committee this 12th day of August 2008.

AYES: 7 **NO:** 0 **ABSTAIN:** 0 **ABSENT:** 3 C. Harris K. Winbush B. Ficker
(list names)

Dawn Karen Birrell
Ad Hoc Committee Recording Secretary

Philip D. Smith 8/12/08
Ad Hoc Committee Chair Date