

**Humboldt Gardens CAC Meeting
Thursday, April 27, 2006**

Meeting Summary

CAC members and alternates attending: Darlene Angulo, resident; Paul Anthony, Humboldt NA; Carolyn Brown, Albina Rotary; Nancy Clark, Humboldt NA; Rick Denhart, Rebuilding Center; Christina Dirks, Legal Aid; Jim Hlava, Cascadia Health Care; Adriana Larraga-Garcia, resident; Daniel Ledezma, Portland BHCD; Joleen Jenson-Classen, PDC; Pete Luca, resident; Lee Moore, HAP Board (co-chair); Pastor Mark Strong, Life Change Christian Center; Shannon Ward, neighbor; Valerie White, Albina Head Start.

Guests: (panelists) Trell Anderson, Portland BHCD; Rita McCain Walker, PDC; Vikki Bell, realtor; Jeff Bachrach, HAP Commissioner.

HAP staff and project consultants: Nikki Blackburn; Alecia Blakely; Mary Bradshaw; Michael Buonocore; Myriam Demezas; Arelene Gregoroy; Pamela Kambur; John Keating; Veronica King; Shelley Marchesi; Chrissy McCausland; Terry Peters; Regina Rozier; Steve Rudman; Carolyn Wilson (Walsh Construction); Joanne Bowman, facilitator.

34 attendees – light dinner provided by Phathaya Thai Restaurant in St. Johns.

Welcome and introductions: No public comment at the start of the meeting.

Upcoming Community Meeting on Vancouver/Williams improvements: Jolene Jenson-Classen from PDC summarized two upcoming meetings: an ODOT presentation – traffic safety study – on Wed., May 3rd at OAME 6-8 p.m. The next meeting will be May 11th 6-8 pm also at OAME.

Project Director's Update:

John Keating provided this update in Mike Andrews' absence. CSS has been approved to submit CSS work plan back to HUD in Wash., DC. HAP does not have to wait for HUD approval to continue working with the families at Iris Court. Many families (46) are opting for early relocation; 11 so far are successfully relocated. 35 families have found new homes already with relocation staff help. In June, HAP will start using many of the Section 8 vouchers. New Columbia is available for a number of families to move to if they wish. HAP is also working with Albina Head Start to find a relocation site for their operations during the construction of Humboldt Gardens. It is possible that the Salvation Army Community Center 3 blocks away will house Albina Head Start.

Design process: The third Design Workshop will be May 6th at OAME from 9:00 a.m. until noon. By June, the master plan should be set. HAP is trying to obtain the DHS carpool parking lot at the corner. Nancy Clark (on behalf of the Humboldt NA) and PDC have written letters in favor of housing on the site.

Homeownership – Mary Bradshaw & Joann Bowman, facilitator

Mary Bradshaw from HAP is coordinating the homeownership portion of Humboldt Gardens. HAP has selected 21 houses that are currently public housing units located within a one-mile radius of Humboldt Gardens that will be converted to home ownership. These homes range from being built in the 1990s back to 1940s. As part of the Humboldt Gardens redevelopment, these homes will be sold to families at 80% AMI and below. HAP included these in the HOPE VI redevelopment because they have become too expensive for HAP to maintain. The maintenance, rehab, repairs that need to happen at several of the sites is more than HAP can spend on them.

HAP public housing families currently occupy these homes; Myriam Demezas is the Community Builder for these scattered site households. Five families were at the homeownership forum on April 4th, although none attended the CAC Meeting this evening.

Key aspects for the homeownership portion of Humboldt Gardens are to:

- Provide options for affordable purchase with various tools
- Price homes so they are affordable to families earning 80% MFI or below
- Target sales to families living in these homes already, and people living in north & northeast. For HAP resident's, the goal is to help them see if it's realistic and if they're ready to buy a home.
- Consider the possibility of a lease-to-own option to buy these homes.

Staff is at the very beginning of this process. Physical inspections on all the houses have just been completed. HAP is requesting input from the CAC about the most important objectives that should be involved in order to bring 21 affordable homes to the community.

Question: How were these houses picked for this project?

Response: These 21 houses were identified during the HOPE VI grant application last June. Part of the HUD initiative is to also provide homeownership to low-income residents of public housing. The houses needed to be within a 1 – 3 mile radius. These homes fell in the 1-mile radius and are the ones put into the grant application.

Question: Who will be able to buy these homes?

Response: The first choice to purchase these homes are the families living in them. Second choice will go to other HAP residents. We haven't worked out all the specifics in dealing with HAP family hierarchy and how these homes would be made available after the residing family, but we are asking you to tell us what you would like to see happen. Input from this meeting and the Apr 4th forum will all be presented to the Board of Commissioners at both their May and June meetings.

Summary of the April 4th forum - Joann Bowman

The spirit of the discussion was very open. Attendees came with a lot of energy and questions. The 3 questions discussed by participants were:

1. "What are the biggest barriers households face when trying to buy a home?"
2. What do you see as highest priority of homeownership in the community?
3. What is the greatest opportunity this project presents?

Input regarding these questions is summarized in the draft plan mailed to CAC members with their agenda packet.

Input from Panelists:

Vikki Bell listed some of the barriers to homeownership:

- A criminal background
- Debt to income ratio
- Housing prices
- Credit rating (interest rates are different based on credit history)

If a large down payment is a barrier, how can that barrier be removed? Some of the options out there that can be utilized are:

- FHA 3% down
- Down payment assistance.
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Homeownership is not a “fixed science”. There are many variables. Some solutions to these barriers are:

- Purchasing houses in different, “non-traditional” ways (such as the community land trust model or using a “silent second mortgage”)
- Brothers/Sisters/Families buying homes together

Education - Rita McCain Walker, a PDC staff member responsible for the City's minority homeownership campaign, comes with extensive experience working with low-income homebuyers. Homebuyer education is crucial and everyone should go through a program to learn about managing your money; how you pay your rent; how you pay your utilities; etc. All are a part of managing your money to work toward homeownership. Portland Housing Center is one location for this education.

Grants and 1-on-1 mentoring help families prepare to buy homes. Bond loans, down payment and closing cost assistance; these are all tools available from area banks to help families buy a home. A social security card and (if an immigrant family) a green card are requirements for minority families to buy a home.

Rita stated that people have a lot of education but still don't know what is needed to buy a home. Trust is a very big part of buying a home – having trust in the people you are working with to buy a home. There is a 25% gap between the numbers of white homeowners vs. African American homeowners. The minority homeownership campaign has established a goal of 12,000 people becoming homeowners over the next 10-12 years in Portland.

Income and Credit - Determining income is the first part of looking into homeownership. Once income is determined, people can begin to move further along the process of buying.

Do people know what is considered good credit? These are all things that come up and PDC will be working on ways to solve these issues. Many people think you need 20% down; many think you need a 620 credit score or higher. Neither of these assumptions is true, but these are things that people believe in this community. There are sub-prime lenders. Their loan costs are higher, but there isn't any other reason not to go to a sub-prime lender.

Minority Home Ownership - Banks have minority loan officers because they are better able to understand the barriers and issues of other minorities. Homebuyers are going to start hearing a lot about City-sponsored minority homeownership forums. It is a good idea to attend these forums and share your story about what you want and barriers you have faced. If a person has been turned down when buying a home, they should go to PDC for assistance. PDC can provide help in these situations since it is part of the campaign to increase minority home ownership in Portland.

Banks and lenders in Portland don't think there are problems in purchasing homes in this area. There are some emerging products being used elsewhere in the country that need to be used in Portland. Underwriting guidelines, down payment programs, etc. are all topics PDC is looking at discussing with these banks and lenders.

Follow up After Purchase - Follow-up with lower income families that are able to buy a home is very necessary. Once someone buys a home they start to get things like equity loan and 2nd mortgage mailings. Counseling is needed as follow-up to help understand these and other issues that might come up. It is called post-purchase counseling. Most people would be very surprised at what lending institutions and banks can do to help you keep your home once you've purchased it, if you have financial trouble.

Trell Anderson – BHCD – Housing Program Manager, said that there is a great deal of success in focusing on minorities in the area. A few of the programs available are:

- Mentoring via AAAH (African American Alliance for Affordable Homeownership)
- APICIA (Asian Pacific Islander Community Improvement Association) assistance
- Portland Housing Center for buyer-education program

Traditional vs. Alternative Homeownership Models - The traditional homeownership model is to borrow from a bank, find a home and own/live in it until you decide to sell. At the point of sale, the seller retains all the equity in the home as profit.

Alternative models help lower-income, first-time homebuyers by subsidizing either their purchase price or helping with their down payment or closing costs. Most of these models attempt to recapture or retain the subsidy in the future when the home is sold again. This allows the community to benefit from longer-term affordability... allowing other lower income families to have the same opportunity to purchase in the future. Trell is advocating for a model which will allow for affordable homeownership in these 21 homes over several generations.

Land Trust Model – This model separates the land and the home so that a person would own the home and a community-based non-profit would own the land. This land/structure split lowers the sales price since the homebuyer is only purchasing the structure. The connection of the two – the property and the land - is through a 99-year lease agreement. The only catch is that when the homeowner sells their house, a community-based non-profit would pass the same opportunity on to another low-income person looking to purchase the home. To do this, a cap is placed on the home's sales price. The original buyer still receives a profit from selling while also allowing another low-income family to become a homeowner. Typically the first buyer can walk away with 25% of the appreciation amount of the home.

Also in the land trust model, homes must be owner occupied. An owner cannot rent that home out after purchase.

Some of these 21 scattered sites can be sold outright and some could be sold as a land trust. Community input is going to help decide how this will happen and how many homes could be traditional and/or alternative.

Affordable Homeownership Experience at New Columbia - New Columbia's unit mix includes 232 homes for sale and the goal has been to create a mixed income community of renters and homeowners...at a full range of income levels. Currently, 65% of homeowners at New Columbia are from N/NE Portland.

Affordable home ownership was a goal for 30 of the homes. Of the 30 homes originally targeted for affordable homeownership, only 15 homes (approximately) are going to be part of a land trust and would then be affordable for low-income households in the future. Another 15 homes are being developed by Habitat for Humanity (which includes deed restrictions to ensure affordable resale for at least 25 years.) In Trell's opinion, the city missed an opportunity at New Columbia in not making more of these homes a part of the land trust.

Focus on Sale of Homes to HAP Families - One CAC member strongly advocated that HAP should make these home available only to HAP families since they are being taken from the public housing resource-base. One response to this comment was that unless HAP had a post-purchase plan, the home would go to the non-profit (land trust) or to the individual (traditional financing) and HAP would no longer be involved in future sales.

Question: What about the loss of the community's public housing (rental) resource? A member of the CAC expressed concern about the loss of public housing: What is going to happen to the 21 public housing units available to low-income HAP families? Can you take the profit from selling the houses and use that to build more low-income housing? How do you replace the low-income housing you're going to sell off?

Response: The sale of these 21 scattered site homes focuses on affordable homeownership. It has to be a self-supporting program. The revenue gained from the sale of the homes needs to cover all of the program's expenses (proceeds from the sale of one home could go into the more extensive rehab needed in another.) The project needs to break even in the end. The remaining scattered site homes in HAP's public housing portfolio may have homeownership opportunities but will also look at opportunities to maximize the sales prices in order to use the proceeds to finance new public housing. None of the public housing subsidy from HUD will be lost; the units will be "banked" until HAP has sufficient resources to redevelop them.

Question from panel: How many people think these 21 homes should be part of a wealth creation homeownership model - a traditional model? Nobody raised his or her hands. How many people think these 21 homes should be a part of an alternative homeownership model, utilizing a land trust model as one of the options? Many people raised their hands in favor of this group of options. Without tremendous amounts of initial subsidy, the traditional model would eliminate HAP families because their income is so low compared to other families in the community.

The HAP Board of Commissioners will be striving to reach a balance in these discussions. There is a public investment to help the first family buy a home. How long does HAP stay involved in that public investment? Does HAP help that family and then

get out or continue to help families and future generations by capturing or retaining the original subsidy? What portion of these 21 homes should be developed in such a way that they remain affordable “forever”?

One CAC member emphasized that she did not feel it was her role to predetermine the outcome of the homeownership plan. She stressed that she has confidence in the staff who are working on homeownership and that they need the latitude to do what is best for the community and the HAP low-income families.

Good conversation about the options; it seems the majority would like to look at long-term affordability of these homes. In addition to the land trust model, the homeownership staff will come back to this issue with additional options for long-term affordability like silent second mortgages, Habitat for Humanity, etc. These are very big decisions and will have a major impact on the community.

Wrap-Up: Mary Bradshaw said that input from the CAC this evening, in addition to what was discussed at 4/4 forum, will be presented to the HAP Board of Commissioners and then it is their job to do the same “wrestling” with this and ultimately vote in June as to how to proceed. Mary doesn’t see this plan as being a “one size fits all” solution.

The meeting was adjourned at 8:05 pm.