

**Application to Department of Housing and Urban Development**  
**for**  
**Neighborhood Stabilization Program 2 Funds**

***Applicant:***  
**Oregon Department of Housing and Community Services**  
**Representing a Consortium of the Following Agencies**

Clackamas County  
Washington County  
City of Bend (*representing areas in Crook, Deschutes and Jefferson Counties*)  
City of Medford (*representing target areas in Jackson County*)  
City of Salem (*representing target areas in Marion County*)

Consortium Contact:  
Becky Baxter  
Oregon Department of Housing and Community Services  
Tel. 503-986-2074  
Fax (503) 655-5863  
[becky.baxter@hcs.state.or.us](mailto:becky.baxter@hcs.state.or.us)

**Public Review Draft June 29, 2009**

# **Contents**

- I. Program Summary**
- II. Consortium Agreement**
- III. Application Forms**
- IV. Narrative Statements**
- V. Disclosures and Appendices**

## I. Program Summary

This grant request for approximately \$26.2 million would fund activities within portions of seven counties in Oregon, including Clackamas, Crook, Deschutes, Jackson, Jefferson, Marion and Washington Counties. Consortium members include the Oregon Housing and Community Services Department, Clackamas County, City of Bend, City of Salem, City of Medford and Washington County. In this application narrative, target areas within Crook, Deschutes, and Jefferson Counties are referred to as the Central Oregon counties or Bend/Deschutes County area.

Entitlement agencies representing these counties, along with the Oregon Housing and Community Services Department (hereafter referred to as the Consortium) would use the funds for two primary activities: establishing financing mechanisms to assist low- and moderate-income families in the purchase of a foreclosed-upon homes (Activity A), and acquisition and rehabilitation of abandoned or foreclosed homes in order to sell, rent or redevelop them (Activity B). Activity A financing mechanisms to be employed include assistance with down payments, mortgage buy-downs, and closing costs for the purchase of homes, as well as low- or zero-interest mortgage loans, financial assistance with rehabilitation and repair costs, and financial training and education. Activities under Category B will include acquisition and rehabilitation or redevelopment of single-family homes, townhomes, and apartment complexes to make them available for rent or purchase by low-income families. In some cases, consortium members propose to solicit non-profit organizations to undertake the purchase and rehabilitation of such properties.

A portion of funds received by the Consortium will be used to expand existing efforts and programs. For example, Clackamas County proposes to use a portion of funding to expand its existing Homebuyer Program for foreclosed homes. This program provides down payment, closing cost, and rehabilitation assistance to home buyers with incomes below 120% of the Area Median Income (AMI). In addition, the county will partner with the Hacienda Community Development Corporation in order to expand homeownership opportunities to Latino families and other recent immigrants. The City of Bend proposes to use the majority of funding to partner with and expand existing organizations such as HousingWorks, NeighborImpact, Central Oregon Builders Association, and various Habitat for Humanity affiliates. In addition, they plan to partner with various non-profit organizations in the target areas to purchase foreclosed properties and develop rental housing for tenants whose incomes do not exceed 80% of the median income for that area. The City of Medford intends to partner with the Jackson County Housing Authority to acquire and redevelop a subdivision of foreclosed townhomes to provide rental and ownership options for families at or below 50% of the median income.

The Consortium's lead agency, Oregon Housing and Community Services Department (OHCS), proposes to use \$5 million of grant funds to support Governor Kulongoski's ten-year initiative to end homelessness in Oregon. OHCS will partner with the Oregon Department of Human Services (DHS) and work with organizations in the target areas to acquire and rehabilitate foreclosed homes (Activity B) in order to provide housing for homeless individuals and families. State matching funds are available to help support this activity stemming from the recently passed Document Recording Fee; approximately 10% of revenue generated by that fee is available for activities that address homelessness. OHCS anticipates that the state funds will cover the program's operating costs and NSP2 grant funds will be used for acquisition and rehabilitation activities.

Proposed activities will help stabilize the housing market in the target areas in the following ways:

- Result in acquisition or rehabilitation and subsequent occupation of foreclosed and abandoned homes within the target areas, with a projected impact on approximately 340 – 360 homes.
- Occupation of these homes will help reduce vacancy rates and stabilize occupancy rates in the target areas.

- Target acquisition and rehabilitation to very low-, low-, and moderate-income residents. Assisting these residents will help improve their overall economic and social stability by providing them with safe, affordable housing opportunities and reducing their overall costs of living. These actions will help stabilize the economic and social fabric of the target areas.
- Address homelessness in the target areas through programs to be undertaken by OHCS in cooperation with other Consortium members and local communities. Addressing homelessness in these areas will reduce social service costs, improve economic opportunities, and address quality of life issues for people who are homeless or threatened with homelessness, as well as for the target areas in general.
- Improve the physical condition, appearance, and quality of housing to be rehabilitated in the target areas. Rehabilitation of a substantial number of housing units in the area will improve the overall appearance quality of the housing stock in the target areas which will in turn result in increased investment by other property owners. These changes will have short and long-term economic benefits for the target areas.

Improved stabilization of the neighborhoods based on the effects described above is expected to take place over the short- and long-term. Acquisition and rehabilitation efforts are expected to take between 18 months and three years as described under Factor 3b. Initial positive impacts on neighborhood stabilization will occur during this time period. Because the proposed efforts also are intended to ensure continuing affordability of newly acquired or rehabilitated housing, these benefits are expected to be sustained over the long term. These efforts also are expected to result in a cycle of renewed private investment in these areas with long-term benefits.

Activities will be targeted to moderate- and low-income households through the following processes:

Target below 120% AMI. All NSP2 funds received by the Consortium will be used to provide assistance for individuals and families with incomes below 120% of Area Median Income (AMI). Consortium members will conduct marketing and outreach in order to reach this target population; they will also coordinate with other agencies that work with the target population in order to reach as many eligible persons as possible. They will use existing HUD eligibility criteria and procedures from existing locally administered programs to verify incomes for all persons applying for, and receiving, assistance.

Target below 80% AMI. Consortium members also intend to implement or expand programs that specifically target individuals and families with lower incomes, consistent with NSP2 grant requirements. For example, Clackamas County proposes to partner with the Clackamas County Land Trust to acquire and rehabilitate foreclosed homes and provide permanent housing for persons below 80% of AMI. The City of Bend intends to solicit non-profit agencies in the target areas in the Central Oregon counties to purchase and redevelop properties to provide rental opportunities for tenants below 80% of AMI.

Target below 50% AMI. Oregon Housing and Community Services has requested \$5 million in NSP2 funds that it proposes to use, in cooperation with non-profit organizations and other state agencies, for the purchase and rehabilitation of foreclosed homes in order to provide rental housing for homeless persons. In order to be eligible for this program, recipients' incomes must be below 50% of AMI. This program represents approximately 19% of total NSP2 funds requested (\$26.2 million) and, as such, comes close to fulfilling the requirement for benefits to persons below 50% AMI.

In addition, the city of Bend proposes to use \$2.25 million of NSP2 funds, which is one-quarter of the total amount requested to address Central Oregon target areas, to provide financial assistance and rental or home ownership opportunities to families below 50% AMI. Washington County has requested approximately \$2.5 million in NSP2 funds for the acquisition and rehabilitation of seven foreclosed homes. Four of those homes are intended to be used as rental properties for tenants below 50% of AMI. The remaining three homes may also be sold to new homebuyers below 50% of AMI if the homebuyers are financed by

Willamette West Habitat for Humanity. Finally, the City of Medford has requested \$2 million in NSP2 funds to acquire and redevelop a subdivision of foreclosed townhomes. The 81 townhomes are intended to provide rental and ownership opportunities to individuals and families below 50% of AMI.

Together, these proposals total approximately \$11.25 million (assuming all seven Washington County homes) or around 43% of the \$26.2 million requested by the Consortium, which exceeds the HUD requirement.

The program will leverage significant funds from the state of Oregon and local partners, including:

- The state appropriates to OHCS approximately \$9 million per biennium to promote and finance the development of affordable housing. Up to \$100,000 will be available per project for developing affordable housing for the homeless. OHCS will evaluate the sub-grantee's needs for additional state funds to complete the acquisition and redevelopment projects.
- Willamette West Habitat for Humanity will pool contributions of approximately \$65,800 in donated materials and services, volunteer labor, and mortgage interest fee waivers to support programs that Washington County is proposing for NSP2 funding.
- The city of Bend will commit up to \$250,000 of Affordable Housing Fee Trust Funds annually for three years for this program.
- The Housing Authority of Jackson County is committed to covering up to \$1.2 million for the purchase and rehabilitation of approximately 81 townhomes.

The program would be administered by the lead grant agency, the Oregon Housing and Community Services Department. As an entitlement agency for funds through NSP1, OHCS is set up to draw down funds through the Disaster Recovery Grant Reporting System (DRGR). OHCS intends to manage grant funds awarded through NSP2 with the same approach as the DRGR funds. NSP2 funds will be processed in the following manner:

- Consortium members will request fund draw downs. Members must provide program activity, property address, dollar request and other necessary information to record properly in the online Disaster Recovery Grant Reporting (DRGR) system.
- NSP2 program staff at OHCS will input draw request into database and enter activity information into the DRGR system.
- The Financial Management Division (FMD) will be electronically notified of draw request.
- The FMD will create and approve voucher in DRGR. Some FMD staff will only have the authority to create vouchers and others will only have the authority to approve vouchers in order to provide quality control.
- Funds will be disbursed to Consortium members for specific project activity.

Performance monitoring also will be conducted by OHCS. On a quarterly basis, or more frequently when appropriate, OHCS staff will require reports from Consortium members related to NSP activities carried out for a specific period of time. The reports will include the type of NSP2-assisted activities, verification that program regulations, policies and procedures were followed, checklists and proper documentation was maintained. OHCS will track potentially unstable program elements and continue regular communication with program managers to ensure that stability is restored and compliance with program requirements is maintained.

Together, consortium members have had substantial experience managing these types of neighborhood stabilization activities. The consortium, in cooperation with other organizations, has successfully completed the following activities in the past 24 months:

- Provided financial assistance to low-income homebuyers resulting in the purchase of over 110 homes.

- Provided grants and loan assistance to nearly 200 low-income households for needed home repairs and rehabilitation.
- Acquired and rehabilitated housing (both single-family homes and apartment complexes) to provide affordable housing for over 150 families.
- Planned and began construction of a 12-unit subdivision to provide home purchasing options for low- and moderate-income households.

The Consortium is well qualified to receive and administer this grant award. Consortium members have a proven record delivering financial and rehabilitation assistance to low- and moderate-income households. The Consortium has carefully designed its proposed program to target areas of the state most heavily impacted by the housing crisis, to use grant proceeds in ways that will directly benefit households in need, and to use grant proceeds in areas where the investment of grant proceeds will have a significant impact in arresting neighborhood instability and accelerating recovery while also providing expanded housing choices for qualifying households.

## II. Consortium Agreement

[Sample/Placeholder]

To Whom It May Concern:

The entities identified below agree to cooperatively carry out the NSP2 program. They have authorized Oregon Housing and Community Services to act in a representative capacity for all members of the consortium and assume overall responsibility for ensuring that the consortium's NSP2 program is carried out in compliance with all NSP2 requirements.

The consortium funding agreements will be executed no later than December 1, 2009.

Below will be listed each consortium member with a signature, title and date.

### III. Application Forms

[Placeholder]

The following forms will be included in the final draft of this application to be submitted to HUD.

- SF-424, Application for Federal Assistance
- SF-424 Supplement, Survey on Ensuring Equal Opportunities for Applicant
- NSP2 Non-profit Organization Qualification (Narrative describing qualification as an eligible applicant and evidence of non-profit or tax exempt status)

## IV. Narrative Statements

### Factor 1 – Need and Market Conditions

#### *Factor 1a – Target Geography*

The Oregon Housing and Community Services (OHCS) and other Consortium members have prepared an evaluation of all census tracts within their jurisdiction and identified those tracts that scored highest against the two threshold criteria for the NSP2 program. A table showing the result of that analysis and listing the target census tracts for the program is in Appendix A. These target area census tracts fall within Clackamas, Crook, Deschutes, Jackson, Jefferson, Marion, and Washington counties. A map showing the location of the target census tracts is included at the end of this section.

As background for the evaluation process used to select target areas, Oregon's unemployment rate was 12.0% in April 2009, the **second highest in the country**. The Oregon Office of Economic Analysis (OEA) forecasts employment losses to continue at a rate of 6.5% for the second quarter in 2009 and of 5.3% for the year on average. OEA reported that the year-over-year employment loss for the first quarter of 2009 was 4.5% whereas the year-over-year decline two quarters ago was only 0.4%. In early June 2009, the Federal Reserve Bank of San Francisco forecast unemployment in the country to continue to grow in coming months and to recede only gradually. Similarly, OEA analysis estimates statewide employment to continue to decline in 2009, followed by a weak start in 2010, and no appreciable job growth until the last half of 2010.

According to the Oregon Employment Department (OED), most industries have experienced job losses in the last year. Manufacturing and high-tech businesses in Oregon, including some of the state's most robust businesses such as Xerox, Tyco Electronics, Nike, Cessna, Harry & David, Intel, Sun Microsystems, Autodesk, Oregon Health Sciences University, Hewlett Packard, Merix, Qualcomm, Tektronics, Innovation, Freightliner, and Precision Castparts, announced layoffs in 2009. Manufacturing employment has undergone double digit job losses. Construction employment in Oregon has been cut by 1,600 jobs in the last year and retail employment by at least 1,100 jobs. Transportation, warehousing, and utilities have suffered a 12% job loss (about 600 jobs).

Not coincidentally Oregon is experiencing similarly high rates of foreclosures. In the first quarter of 2009, Oregon experienced a 31% increase in the number of homes in the foreclosure process, compared to just a 16% increase nationally according to the Mortgage Bankers Association. These dramatic increases indicate that Oregon's foreclosure issue is continuing to worsen in 2009.

The situation has, in many cases, been even more dire for the five regions in the state with identified NSP2 target areas than for the state as a whole. The NSP2 target areas included in this application have some of the greatest housing needs in the state. The economic conditions that led to these areas being selected are reviewed in detail in the analysis for Factor 1b. Table F1-1 summarizes information from that analysis that documents the distress in these areas related to housing foreclosures, credit problems, and employment difficulties. A narrative assessment of other factors contributing to instability of neighborhoods in the target census tracts and the need for stabilization activities in these areas follows the table.

## Factor 1 – Need and Market Conditions

**Table F1-1: Target Area Housing, Credit, and Employment Characteristics**

Target Counties	Housing Vacancy Rate (Target Tracts)	90-Day Mortgage Delinquency Rate, 1st Quarter 2009 (Target Tracts)	Foreclosure Rate (Target Tracts)	Unemployment Rate, April/May 2009 (County-wide)
Clackamas County	6.00% (Clackamas/Oregon City/Milwaukie) 2.1% (Target Tracts)	2.8%	2.7%	10.3%
Central Oregon (Crook, Deschutes, Jefferson Counties)	1.8%		2.7%	17.8%, 14.2%, 15.0%
Jackson County	2.8%		3.4%	13.2%
Marion County	0.7%	2.68%	2.3%	10.8%
Washington County	4.8%	2.54%	1.8%	9.5%

*Sources: RealtyTrac, U.S. Federal Reserve, Oregon Employment Department, Norris Beggs & Simpson's First Quarter 2009 Report*

In Clackamas County, bank card payments that were 60 or more days delinquent increased by 0.3% to 1.8% in the first quarter. The average countywide foreclosure sales price has been about \$280,000; average sales prices have ranged from \$264,000 down to \$178,000 in the communities of Oregon City, Molalla, and Sandy, which include the target census tracts.

Unemployment and loss of housing value have been staggering in the Central Oregon region of Deschutes, Crook, and Jefferson Counties, where nearly half of the targeted census tracts are located. Corresponding to the high rates of unemployment in Central Oregon, Crook, Deschutes, and Jefferson Counties have the highest rates of bank card delinquency in Oregon with rates of 3.2%, 2.8%, and 3.4% respectively.

Median home prices in the city of Bend in Deschutes County dropped about 29% between May 2008 and 2009, from \$305,000 to \$217,000.<sup>1</sup> Building permits for new single-family detached homes in the Bend area, which ranged between 100 and 220 permits monthly from January 2005 to July 2006, have ranged between 7 and 16 permits monthly in 2009, a signal that there is a significant imbalance between recently created supply and demand for homes in that area. In Jefferson County and Crook County, median home prices were \$95,000 and \$115,000 respectively in May 2009, compared to \$160,000 and \$207,000 after the first quarter in 2008. The counties had 15 to 22 months of single-family homes in inventory in May 2009.

Jefferson County is also home to more Native Americans and Latinos than other parts of Central Oregon and the state. According to Economic Development of Central Oregon, Jefferson County had an approximately 69% white population, 16% American Indian population, and 20% Hispanic population in 2008, compared to roughly 94%, 1%, and 6% elsewhere in Central Oregon and 86%, 2%, and 10% in Oregon.<sup>2</sup> Both Native American and Hispanic homeowners in Oregon have been shown to have

<sup>1</sup> The Bratton Report; information obtained from the MLS of Central Oregon with permission from COAR (June 2009).

<sup>2</sup> The Oregon population estimates come from the 2005-2007 American Community Survey.

## Factor 1 – Need and Market Conditions

disproportionately high rates of high cost loans according to the Federal Reserve Bank of San Francisco and Home Mortgage Disclosure Act data.

The census tracts included in the target areas in Washington County are located in the communities of Aloha, Sherwood, Cedar Hills, and Hillsboro, where rapid development and overbuilding have occurred in the last several years. For example, Sherwood has undergone the fastest growth among the county target areas, increasing its housing stock by 42% (approximately 1,890 units) from 2000 to 2007. Hillsboro built the most total units in the county target areas during that time, adding 7,618 units to its stock. Homes in subdivisions in these areas have tended to be large homes and many residents have either had high-cost loans, adjustable-rate mortgages, sub-prime loans, or hybrids that they could not sustain. During the first quarter of 2009, 90-day mortgage delinquency grew 1.6% over the previous four quarters.

Washington County's Consolidated Planning reported a significant increase in needed community services county-wide. The number of public service need statements submitted by service providers in the County rose from 92 in the 2005-2010 Consolidated Plan period to 174 for the 2010-2015 period, an increase of 90%. Although possibly influenced by differences in reporting methods between the two periods, the dollar value of need for public services rose from almost \$16 million to \$1.7 billion, an increase of over 10,000%.

Jackson County has also experienced rapid development and the current housing crisis is attributed in part to this "overbuilding" trend. The average number of home loan defaults in the county for April and May 2009 was approximately 44 per week.<sup>3</sup> RealtyTrac reported 1,800 foreclosures in the county in June 2009, including approximately 880 in Medford, 290 in Central Point, and 180 in Eagle Point. The median estimated property value in the county in May 2009 was about \$201,000, a loss of 21% over the last year. The average foreclosure sales price was \$186,600. These values are similar to median home prices in 2004.<sup>4</sup>

In the fourth quarter of 2008, Medford ranked 208 out of 222 cities nationally for bridging the gap between housing prices and wages. The Housing Opportunity Index reported that only 62% of homes in the city qualify as affordable to residents making the area's median income. Medford's unemployment rate was the second highest for cities in the state after Bend.<sup>5</sup> The number of bank card holders 60 days or more delinquent has increased nearly 0.4% over the past year to 2.15% in the first quarter of 2009.

Unemployment in the Salem Metropolitan Statistical Area (MSA) of Marion County rose to 12.0% in April almost one-third higher than the national rate of 8.9% and the national average MSA rate of 5.4%. The rapid increase in unemployment in the county is reflected in bank card 60-day delinquency rates, which increased to 2.44% in the first quarter of 2009. Unemployment in Central Oregon is extremely high at 16.4% in Deschutes County, 16.7% in Deschutes County and 20.9% in Crook County. Deschutes County has seen a loss of 3,050 jobs in the mining, logging and construction sector since May, 2007.

While Salem housing value increases were modest compared with other parts of the state between 2005 and 2008, these modest increases were largely wiped out by May 2009 with declines in Central Salem of 8% and 15% in West Salem.

---

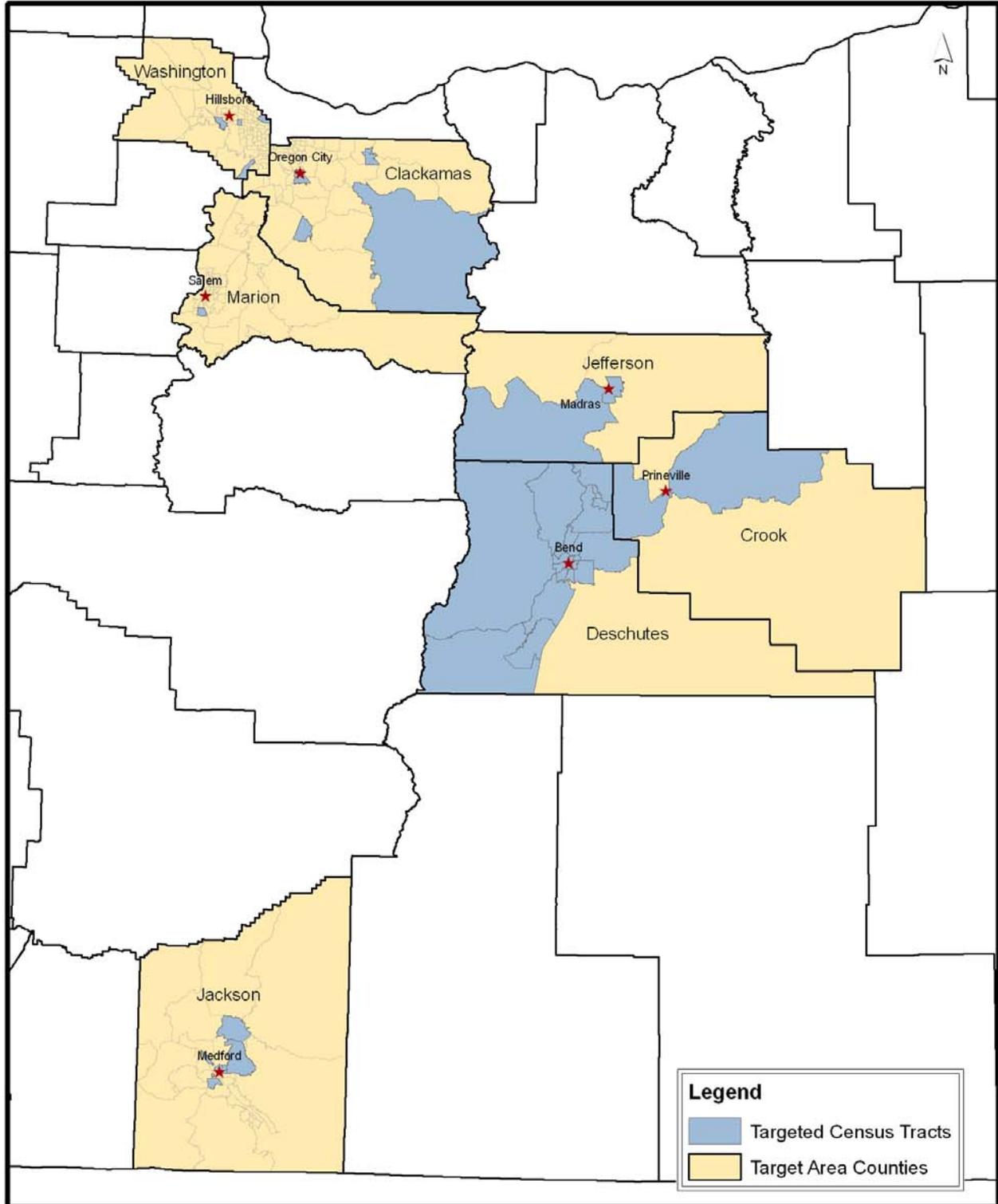
<sup>3</sup> Lawyers Title Notice of Defaults Weekly spreadsheets (June 5, 2009)

<sup>4</sup> RealtyTrac and Southern Oregon Multiple Listing Service (May 2009)

<sup>5</sup> Oregon Labor Market information System (OLMIS) (April 2009)

# Factor 1 – Need and Market Conditions

## NSP2 Target Geography



Sources: Oregon Geospatial Enterprise Office,  
US Census Bureau 2008 TIGER/Line® Shapefiles

0 15 30 60 Miles

## Factor 1 – Need and Market Conditions

### Factor 1b – Market Conditions and Demand Factors (30 points)

Information prepared in response to this factor includes a summary of relevant economic and demographic data for Consortium members followed by a narrative that explains how the data address the four analysis criteria listed for the factor. Also included is narrative addressing Factor 1b.5 that describes the activities best suited for addressing the identified needs.

#### Projected Absorption Rate

Population Projections. Oregon has historically been a fast-growing state and population growth plays a significant role in housing market absorption rates. Its influence is much greater than replacement housing or new housing that responds to changes in household demographics. Between 2000 and 2008, the state of Oregon has grown at a 1.2% annual rate reaching its current population of 3.79 million. The seven participating counties all grew at a similar or faster pace than the state as a whole. Washington County has had annual population gains ranging from 1.5% to 2.2% between 2000 and 2008, averaging 1.8%. Clackamas County has had annual population gains ranging from 0.7% to 1.7% in the same period, averaging 1.3%. The Salem MSA has had annual population gains ranging from 0.7% to 1.5% in the same period, averaging 1.2%.

The four counties outside the Willamette Valley generally grew at even faster rates. Central Oregon experienced the highest rates of population growth in Oregon. Deschutes County, containing the city of Bend, has had annual population gains ranging from 3.2% to 6.4% between 2000 and 2008, averaging a rapid 4.6% growth rate. Jefferson County has had annual population gains ranging from 0.3% to 3.9% in the same period, averaging 2.0%. Crook County has had annual population gains ranging from 0.5% to 10.3% in the same period, averaging 4.2%. Between 2005 and 2007, much of Crook County’s growth was attributed to it providing a more affordable alternative to the high housing prices in Bend.

**Table F1-2: Long-Range Population Forecasts**

	State of Oregon		Washington County		Clackamas County		Salem MSA	
	Population	Growth	Population	Growth	Population	Growth	Population	Growth
2005	3,618,200		489,742		363,240		368,347	
2010	3,843,900	1.2%	542,678	2.1%	391,536	1.5%	395,973	1.5%
2015	4,095,708	1.3%	599,377	2.0%	424,648	1.6%	427,781	1.6%
2020	4,359,258	1.3%	660,367	2.0%	460,323	1.6%	462,611	1.6%
2025	4,626,015	1.2%	723,669	1.8%	497,926	1.6%	496,017	1.4%
2030	4,891,225	1.1%	788,162	1.7%	536,123	1.5%	527,579	1.2%
2035	5,154,793	1.1%	854,164	1.6%	576,231	1.5%	556,843	1.1%
2040	5,425,408	1.0%	920,852	1.5%	620,703	1.5%	584,607	1.0%

SOURCE: OEA Long-Range Population Forecast and Johnson Reid

Table F1-2 (above) displays the long-range population forecast for the state of Oregon, as well as for Washington and Clackamas counties, and the Salem MSA. Over the next 30 years, the state of Oregon is expected to continue growing at a 1.2% annual rate, reaching an estimated population of 5.43 million in 2040. As with the past decade’s growth estimates, the seven observed counties are expected to grow at a similar or faster pace than the state as a whole, but the difference is expected to moderate. Washington County is forecast to have growth rates ranging from 1.5% to 2.1% between 2010 and 2040, averaging 1.8%. Clackamas County is forecast to have growth rates ranging from 1.5% to 1.6% between 2010 and 2040, averaging 1.5%. The Salem MSA is forecast to have growth rates ranging from 1.0% to 1.6% between 2010 and 2040, averaging 1.3%.

## Factor 1 – Need and Market Conditions

**Table F1-2: Long-Range Population Forecasts (Continued)**

	Deschutes County		Jefferson County		Crook County		Jackson County	
	Population	Growth	Population	Growth	Population	Growth	Population	Growth
2005	139,994		20,491		21,035		194,005	
2010	158,792	2.6%	22,168	1.6%	23,051	1.8%	208,370	1.4%
2015	178,418	2.4%	24,079	1.7%	25,249	1.8%	223,464	1.4%
2020	197,150	2.0%	26,065	1.6%	27,590	1.8%	238,865	1.3%
2025	214,479	1.7%	28,298	1.7%	30,125	1.8%	253,881	1.2%
2030	229,933	1.4%	30,831	1.7%	32,796	1.7%	268,385	1.1%
2035	244,069	1.2%	33,390	1.6%	35,569	1.6%	282,669	1.0%
2040	257,088	1.0%	36,094	1.6%	38,553	1.6%	297,496	1.0%

SOURCE: OEA Long-Range Population Forecast and Johnson Reid

The long-range population forecasts for Deschutes, Jefferson, Crook, and Jackson counties also are displayed above in Table F1-2. Unlike the past decade, the observed areas outside the Willamette Valley are expected to grow at rates much closer to the statewide growth rate. This trend will have a detrimental effect on problems associated with absorbing excess housing inventory.

Between 2010 and 2040, the state of Oregon is forecast to add 1.58 million residents, 1.10 million of which (69.7%) are the result of in-migration, while the remainder are due to births exceeding deaths. During the same period, Washington County is forecast to add 378,000 residents, 215,000 of which (57.0%) are attributed to in-migration. Clackamas County is forecast to add 229,000 residents, 163,000 of which (71.3%) are attributed to in-migration. The Salem MSA is forecast to add 189,000 residents, with 93,000 (49.1%) attributed to in-migration.

**Table F1-3: Net In-Migration Forecasts**

	State of Oregon		Washington County		Clackamas County		Salem MSA	
	Growth	Migration	Growth	Migration	Growth	Migration	Growth	Migration
2005-2010	225,700	143,442	52,936	27,967	28,296	19,609	27,626	14,352
2010-2015	251,808	161,847	56,699	30,628	33,112	22,165	31,808	16,842
2015-2020	263,550	171,677	60,990	32,940	35,675	23,507	34,830	18,657
2020-2025	266,757	179,044	63,302	34,692	37,603	25,851	33,405	16,992
2025-2030	265,210	186,502	64,493	36,876	38,198	27,736	31,562	15,234
2030-2035	263,568	196,057	66,002	39,337	40,108	30,348	29,264	13,349
2035-2040	270,615	207,240	66,688	41,264	44,472	33,709	27,764	11,550
2010-2040	1,581,508	1,102,367	378,174	215,736	229,167	163,316	188,634	92,624

SOURCE: OEA Long-Range Population Forecast and Johnson Reid

**Table F1-3: Net In-Migration Forecasts (Continued)**

	Deschutes County		Jefferson County		Crook County		Jackson County	
	Growth	Migration	Growth	Migration	Growth	Migration	Growth	Migration
2005-2010	18,798	15,956	1,678	967	2,016	1,775	14,365	12,886
2010-2015	19,625	16,801	1,910	1,137	2,198	1,837	15,094	13,075
2015-2020	18,732	16,377	1,986	1,181	2,341	1,897	15,401	13,562
2020-2025	17,330	16,254	2,232	1,349	2,535	2,033	15,016	13,957
2025-2030	15,454	15,907	2,533	1,567	2,670	2,146	14,504	14,507
2030-2035	14,136	15,768	2,559	1,835	2,774	2,273	14,284	15,180
2035-2040	13,019	15,581	2,704	2,150	2,983	2,418	14,827	16,040
2010-2040	98,295	96,688	13,925	9,219	15,502	12,604	89,127	86,322

SOURCE: OEA Long-Range Population Forecast and Johnson Reid

## Factor 1 – Need and Market Conditions

Between 2010 and 2040, Deschutes County is forecast to add 98,000 residents, most of which (98.4%) are the result of in-migration. During the same period, Jefferson County is forecast to add 14,000 residents, 9,000 of which (66.2%) are attributed to in-migration. Crook County is forecast to add 16,000 residents, 13,000 of which (81.3%) are attributed to in-migration. Finally, Jackson County is forecast to add 89,000 residents, 86,000 of which (96.9%) are attributed to in-migration.

Five-Year Household Projections. An analysis of the short-term household growth was completed using data from Claritas, a provider of marketing information resources. Between 2000 and 2009, the selected census tracts in the five areas averaged a 3.4% household growth rate. The Bend/Deschutes area grew the fastest, averaging 4.0% annual household growth. Over the next five years, the selected census tracts are projected to average a reduced 2.8% household growth rate. The Bend/Deschutes area remains the fastest growing area but annual household growth is expected to moderate to 3.2%.

**Table F1-4: Historical and Projected Household Growth in Selected Census Tracts**

	2000 (Census)	2009 (Est.)	Growth Rate 00-09	2014 (Proj.)	Growth Rate 09-14
Clackamas County	13,581	17,619	2.9%	19,804	2.4%
Bend/Deschutes	55,036	78,497	4.0%	91,754	3.2%
Jackson County	18,993	23,977	2.6%	26,691	2.2%
Salem	4,008	4,977	2.4%	5,509	2.1%
Washington County	11,781	14,622	2.4%	16,232	2.1%
<b>Totals/Averages</b>	<b>103,399</b>	<b>139,692</b>	<b>3.4%</b>	<b>159,990</b>	<b>2.8%</b>

SOURCE: Claritas and Johnson Reid

The general affect that these slowing population and household trends are likely to have on the target areas, and particularly on those outside the Willamette Valley, is a slowing in housing demand. The combined effect of high unemployment, slower population growth, and stagnant economic growth in the short run will result in lower housing absorption rates in all target areas. This is especially true in Central Oregon, as the information below demonstrates, where housing inventories ballooned with speculative development and then worsened when large numbers of homes were abandoned by construction and service workers who have lost their jobs.

Abandoned and Foreclosed Residential Properties. Table F1-5 summarizes the supply of abandoned and foreclosed properties for each of the areas considered for the study.

**Table F1-5: Vacant Homes by Area**

Region County	All Residential Addresses	All Vacant Residential Addresses	Total Vacancy Rate	90-Day Vacant Residential Addresses	90-Day Vacancy Rate
Clackamas Area	19,182	396	2.1%	376	2.0%
Bend / Deschutes Area	86,733	1,598	1.8%	1,430	1.6%
Jackson County Area	25,940	723	2.8%	498	1.9%
Salem Area	5,217	36	0.7%	36	0.7%
Washington County Area	17,203	826	4.8%	663	3.9%
<b>Totals/Averages</b>	<b>154,275</b>	<b>3,579</b>	<b>2.3%</b>	<b>3,003</b>	<b>1.9%</b>

SOURCE: HUD, the USPS, and Johnson Reid

The five target area census tracts in Clackamas County include, 396 addresses (2.1% of the total) have been vacant for some period of time, with 376 (2.0%) that have been vacated in excess of 90 days. Census tract 242.00 has the greatest number of vacant addresses with 167 of its 2,103 residential addresses (7.9%) having lacked occupancy the past 90 days.

## Factor 1 – Need and Market Conditions

In the Bend/Deschutes Area, comprised of Crook, Jefferson, and Deschutes counties, 1,598 addresses (1.8% of the total) in the target areas have been vacant for some period of time, with 1,430 (1.6%) vacated in excess of 90 days. Census tract 9920.00 has the greatest number of vacant addresses with 236 of its 5,242 residential addresses (4.5%) having lacked occupancy the past 90 days.

In the Jackson County target areas, 723 addresses (2.8%) have been vacant for some period of time, with 498 (1.9%) vacated in excess of 90 days. Census tract 2.02 has the greatest proportion of vacant addresses with 98 of its 1,628 residential addresses (6.0%) having lacked occupancy the past 90 days.

The Marion County target area (census tract 23.02 in Salem) includes 36 addresses (0.7%) have been vacant for some period of time, all vacant for at least 90 days. In the four Washington County target area tracts, 826 addresses (4.8%) have been vacant for some period of time, with 663 (3.9%) vacated in excess of 90 days. Census tract 301.00 has the greatest proportion of vacant addresses with 511 of its 6,311 residential addresses (8.1%) having lacked occupancy the past 90 days.

In total 3,579 residences in the observed census tracts are currently vacant, over 3,000 of which have been vacated in excess of 90 days.

Table F1-6 lists the current inventory of foreclosed homes grouped by the observed census tracts in each of the five areas. The areas have a total of 153,112 households, 102,590 of which have mortgages on their homes. Of those mortgages, 2,770 are in the process of foreclosure, equating to a 2.7% rate.

**Table F1-6: Foreclosures by Census Tract**

Region County	Households	Estimated Mortgages	Estimated Foreclosures	Estimated Foreclosure Rate
Clackamas Area	19,182	13,766	365	2.7%
Bend / Deschutes Area	86,733	53,790	1,476	2.7%
Jackson County Area	25,940	17,467	593	3.4%
Salem Area	4,054	3,707	84	2.3%
Washington County Area	17,203	13,860	252	1.8%
<b>Totals/Averages</b>	<b>153,112</b>	<b>102,590</b>	<b>2,770</b>	<b>2.7%</b>

SOURCE: HUD and Johnson Reid

In the target area census tracts in Clackamas County, 365 mortgages (2.7%) are in the process of foreclosure. Census tract 239.00 has the greatest number of troubled mortgages with 93 of its 2,775 mortgages (3.4%) facing foreclosure. In the target area census tracts in the Bend/Deschutes Area, 1,476 (mortgages 2.7%) are in the process of foreclosure. Census tract 9911.00 has the greatest number of troubled mortgages with 173 of its 5,181 mortgages (3.3%) facing foreclosure.

In the target area census tracts in Jackson County, 593 mortgages (3.4%) are in the process of foreclosure. Census tract 10.00 has the greatest number of troubled mortgages with 137 of its 3,745 mortgages (3.7%) facing foreclosure. Census tract 23.02 in Salem, 84 mortgages (2.3%) are in the process of foreclosure. In the target area census tracts in Washington County, 252 mortgages (1.8%) are in the process of foreclosure. In census tract 316.05, 91 of the 3,584 mortgages (2.5%) face foreclosure.

Projected Absorption Rate. Based on the household growth projections from Claritas for the observed census tracts and the vacant home inventory reported by the USPS, it could take as long as 35.5 months for all target areas to fill their vacant housing stock. Some areas will fill their vacancies sooner, but Clackamas, Central Oregon, and Jackson Counties will need nearly a year or more to fill their existing inventory. This, however, assumes there will be no new construction entering the market and that household growth occurs

## Factor 1 – Need and Market Conditions

at a constant rate over the next five years. It is likely that household growth will be substantially slower over the next two years, accelerating after employment growth strengthens in 2011.

**Table F1-7: Vacant Housing Absorption Forecast**

	Vacant Home Inventory	2009-2014 Household Growth	Annual Household Growth	Vacant Inventory (In Months)
Clackamas County Tracts	396	2,185	437	13.2
Bend/Deschutes Tracts	1,598	13,257	2,651	19.9
Jackson County Tracts	723	2,714	543	9.0
Salem Tracts	36	532	106	35.5
Washington County Tracts	826	1,610	322	4.7
<b>Totals</b>	3,579	20,298	4,060	13.6
<b>Worst Case Scenario</b>				35.5

SOURCE: The USPS, Claritas, and Johnson Reid

### Factors Causing Problems

Building Permit Data. Trends include the following, as summarized in Table F1-8:

Clackamas County. Activity peaked in 2006 with a total of 2,783 residential permits. There were only 873 permits issued in 2008 as many subdivisions in Happy Valley, Oregon City, and unincorporated Clackamas County struggled to sell new homes.

Bend/Deschutes area. Activity peaked a year earlier in 2005 with a total of 5,046 residential permits. Bend had the largest share of the incorporated cities with a total of 2,556 residential permits in 2006. By 2008, the number of permits issued had declined to only 861 for both single- and multi-family housing as the region was swamped with excess inventory.

Jackson County. Activity peaked in 2004 with a total of 2,099 residential permits. Medford had the largest share of the incorporated cities with a total of 798 residential permits that year.

Marion County. Activity peaked in 2004 with a total of 2,059 residential permits. Salem had the largest share of the incorporated cities with a total of 1,209 residential permits issued that year, 67.3% of which were for single-family residences.

Washington County. Activity peaked in 2005 with a total of 4,658 residential permits. Hillsboro had the largest share of the incorporated cities with a total of 1,068 residential permits issued that year

**Table F1-8: County Permit Data**

COUNTY/ JURISDICTION	2004			2005			2006			2007			2008		
	S.F.	M.F.	Total	S.F.	M.F.	Total	S.F.	M.F.	Total	S.F.	M.F.	Total	S.F.	M.F.	Total
Clackamas Co.	1,971	229	2,200	2,428	228	2,656	2,213	570	2,783	1,942	108	2,050	873	-	873
Washington Co.	3,386	1,392	4,778	3,806	852	4,658	2,790	1,493	4,283	2,146	720	2,866	1,049	557	1,606
Marion Co.	1,556	503	2,059	1,659	325	1,984	1,444	526	1,970	1,177	446	1,623	563	384	947
Deschutes Co.	3,196	696	3,892	3,893	567	4,460	3,073	211	3,284	1,574	211	1,785	668	87	755
Jefferson Co.	122	-	122	235	-	235	117	-	117	42	-	42	35	-	35
Crook Co.	279	20	299	337	14	351	338	51	389	163	14	177	71	-	71
Jackson Co.	1,791	308	2,099	1,707	329	2,036	1,067	266	1,333	1,020	118	1,138	370	79	449

SOURCE: HUD & Johnson Reid

All of the observed counties had an explosion of residential permit activity from 2003 to 2006 due to the strength of their housing markets. While fewer residential permits have been issued over the past two years, many home builders are still stuck with large unsold inventories permitted and constructed in years past.

## Factor 1 – Need and Market Conditions

Home Price Trends. Home appreciation during the housing boom was strong in all of the observed markets, with the most dramatic upswings occurring in Deschutes and Jackson counties. By the peak of Bend’s housing market, the median price for a single-family home was nearly \$400,000. During the boom, both the Bend and Medford MSAs’ housing markets were often considered among the most overpriced in the nation. Peaking around the summer of 2006, both those markets have experienced sizable price corrections. Over the past two years, the median price of a home in Bend has dropped 35.6% to \$221,000 with corresponding declines in the neighboring counties. Bend’s decline last year alone was 27.5% and there are few indications that home prices in Central Oregon have stabilized.

**Table F1-9: Single-Family Home Price Trends**

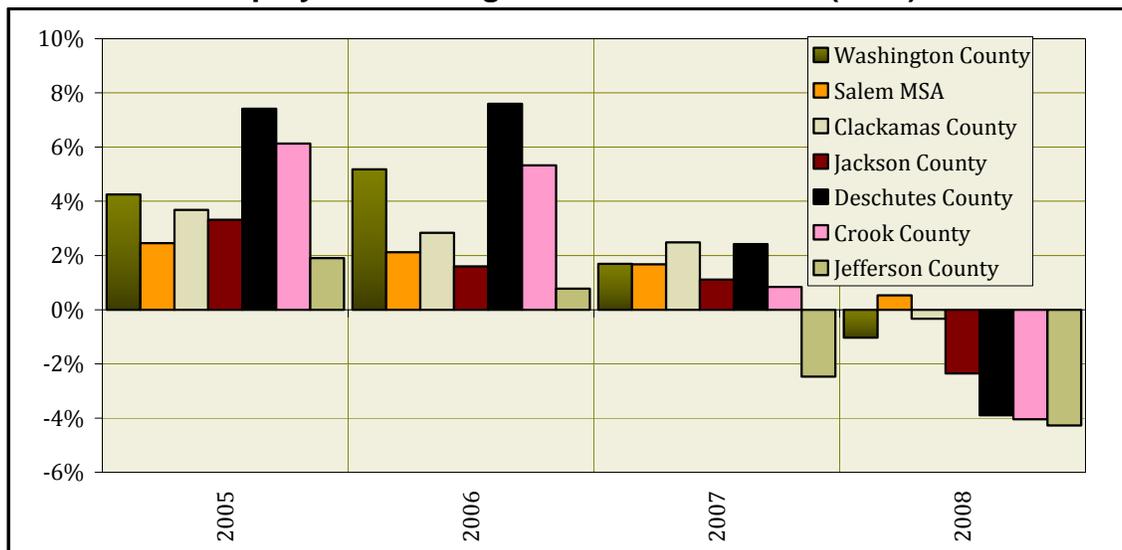
Metropolitan Area	Median Price	Home Price Escalation		
		Quarter	1-Yr	2-Yr.
Bend, OR	\$221,000	-5.2%	-27.5%	-35.6%
Crook County, OR	\$124,000	-4.6%	-40.1%	-41.0%
Jackson County, OR	\$190,000	-5.0%	-14.2%	-28.8%
Jefferson County, OR	\$100,000	-13.0%	-37.5%	-45.4%
Portland-Vancouver, OR-WA	\$248,600	-6.0%	-13.3%	-15.8%
Salem, OR	\$200,000	1.0%	-8.5%	-12.4%
<b>National</b>	<b>\$169,000</b>	<b>-6.2%</b>	<b>-13.8%</b>	<b>-22.4%</b>

SOURCE: National Association of Realtors, MLS of Central Oregon, SOMLS, and Johnson Reid

The Willamette Valley markets were not as heavily influenced by Californian transplants and thus remained more stable through the housing bubble. The Portland metro area didn’t hit its peak home prices until July of 2007, and the declines since have been a milder 15.8%. While Portland metro area prices have not experienced the dramatic swings seen elsewhere, new-construction homes, be they suburban single-family residences or urban mixed-use condominiums, are being subjected to significantly greater price corrections.

Employment Trends. Employment declines were widespread among the observed regions between 2007 and 2008. After five years of widespread expansion throughout most of the state, Oregon is now in a state of contraction exceeding that of the nation. Of the seven observed regions, six had employment declines in 2008. Only the Salem MSA (Marion and Polk counties), had a net increase in employment in 2008.

**Table F1-10: Employment Change from Previous Year (Rate)**



SOURCE: Oregon Employment Department and Johnson Reid

## Factor 1 – Need and Market Conditions

Between 2004 and 2007, Washington County had experienced a 3.7% annual employment growth rate, averaging a net gain of 8,667 jobs annually. Much of that growth through 2007 was concentrated in the education and health services sector, with education and health services-related employment increasing at a 6.1% rate between 2004 and 2007 (1,433 net jobs annually). Education and health services remained one of the lone bright spots in 2008 growing at a 4.5% pace (1,200 net jobs). Construction-related employment increased at a 4.1% rate between 2004 and 2007 but accounted for 1,000 of the 2,600 lost jobs in 2008.

Between 2004 and 2007, Clackamas County experienced a 3.0% annual employment growth rate, averaging a net gain of 4,200 jobs annually. Much of that growth through 2007 was concentrated in construction, with construction-related employment increasing at an 8.9% rate between 2004 and 2007 (967 net jobs annually). That trend changed in 2008 when construction shed 1,000 net jobs. Employment in professional and business services increased at a 4.8% rate between 2004 and 2007 but shed 200 net jobs in 2008.

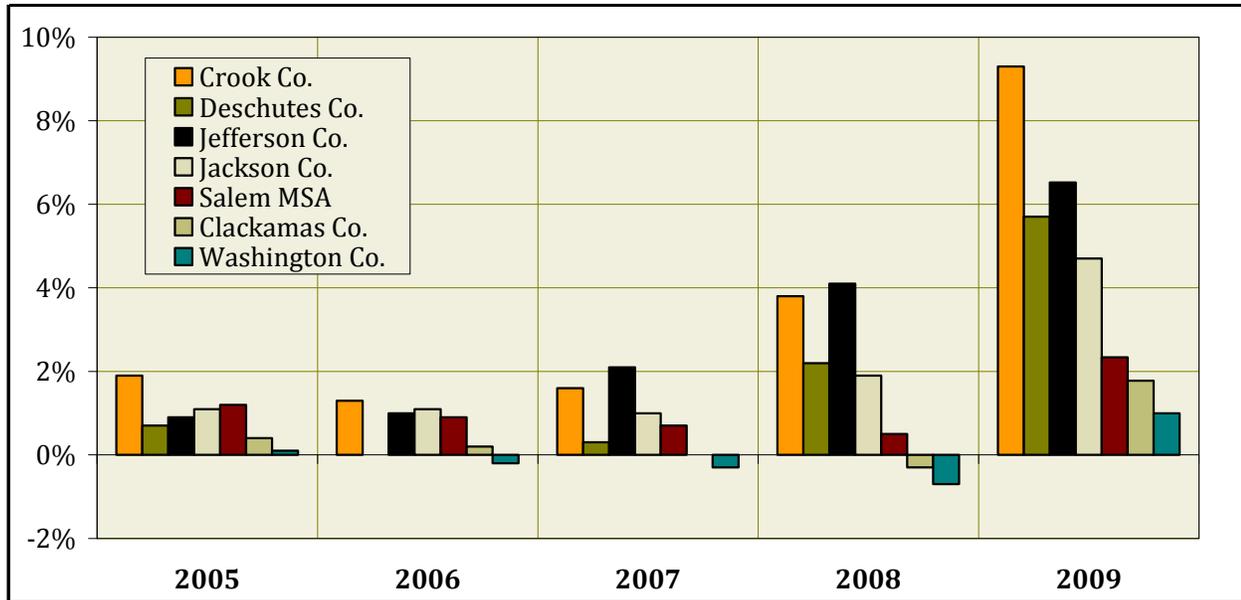
The Salem MSA grew at a slower 2.1% rate between 2004 and 2007, compared to the two Portland-area counties, averaging a net gain of 3,033 jobs annually. Like Clackamas County, much of that growth through 2008 was concentrated in construction, with construction-related employment increasing at a 10.3% rate between 2004 and 2007 (also 967 net jobs annually). Much like Clackamas County, that trend also reversed in 2008 when construction shed 1,100 net jobs. Due to a net gain of 2,000 government jobs, the Salem MSA's employment rose by 800 from 2007 (0.5% growth).

Deschutes County was perhaps the greatest example of a construction boom and bust. Between 2004 and 2006, Deschutes County had experienced a 7.5% annual employment growth rate, with a net annual gain of 4,695 jobs. Construction led the way, with construction-related employment increasing at a whopping 17.6% rate between 2004 and 2006 (1,155 net jobs annually). As the Bend market peaked sooner than the Portland metro area, construction employment declined slightly from 2006 to 2007 before shedding over 4,000 jobs between May, 2007 and May, 2009. Neighboring Jefferson County's employment remained fairly stagnant between 2004 and 2008 as the area gained a few jobs in financial activities and retail trade while losing 140 manufacturing jobs. Most of the employment gains in Crook County over the past few years have been in the leisure and hospitality sector.

Jackson County's employment and growth cycle has been similar to that of Deschutes County as both experienced a large wave of in-migration from California. Between 2004 and 2006, Jackson County only experienced a 2.5% annual employment growth rate, averaging a net gain of 1,965 jobs annually. Construction-related employment increased at an 11.1% rate between 2004 and 2006 (615 net jobs annually). As the Medford market also peaked sooner than the Portland metro area, construction employment also declined slightly from 2006 to 2007 before shedding 960 jobs in 2008.

## Factor 1 – Need and Market Conditions

**Table F1-11: Unemployment Rate by Region Compared to the National Level**



SOURCE: Oregon Employment Department and Johnson Reid

Unemployment has been particularly troubling, as the state of Oregon currently has the second highest rate in the country, behind only Michigan. Crook County has been the hardest hit; its seasonally-adjusted unemployment hit 17.8% in May 2009, almost doubling from 2008's 9.6% average. Deschutes County's unemployment rose to 14.2% in May 2009 from 2008's 8.0% average. Jefferson County's unemployment rose to 15.0% in May 2009 from 2008's 9.9% average. Jackson County is currently experiencing 13.2% unemployment up from 7.7% in 2008, while the Salem MSA's unemployment is 10.8%, up from 6.3%. Unemployment in Clackamas and Washington counties is at 10.3% and 9.5%, respectively.

Employment Projections. Many of the employment trends are expected to continue through the end of 2009, with OEA forecasting the loss of an additional 40,000 jobs by 2010. The construction sector is anticipated to continue to struggle, as excess residential inventory is worked off, with forecasted employment declines of 9.0% over the next year. A rare bright spot is that per capita income is forecasted to increase by 0.9% in 2010 after declining at the same rate in 2009.

Conclusion. The neighborhood instability problems being experienced in the target areas may be attributed to two primary factors: overbuilding and unemployment. The market has responded to the overbuilt condition by a decline in home prices combined with a significant drop in residential building activity. This has made housing more affordable and inventories in some areas are returning to near normal levels as the growth in residential vacancies has slowed. Rising unemployment, however, is likely to add to housing vacancies and foreclosures. It is possible that the current absorption rates in the target areas may decrease in the next six to 12 months, especially if population growth rates slow. Also troubling is the effect that public sector layoffs may have on economic conditions. More information on that issue is presented below.

### Income Characteristics

Household Income Distribution. Table F1-12 summarizes historic and projected per capita incomes and the mean and median household incomes of the observed census tracts in the five areas. Per capita income rose by between 0.8% and 3.2% annually between 2000 and 2009 in these areas. Median household income grew by between 0.8% and 3.1% annually during this same period. Over the next five years, per capita income is projected to grow more slowly (between 1.0% and 2.6 per year) in these same areas. Median household income is also projected to grow more slowly over the next five years (between 0.9% and 2.4% per year).

## Factor 1 – Need and Market Conditions

**Table F1-12: Income Trends by Observed Census Tracts**

	2000 (Census)	2009 (Est.)	Growth Rate 00-09	2014 (Proj.)	Growth Rate 09-14
<b>CLACKAMAS COUNTY AREA TRACTS</b>					
Per Capita Income	\$19,641	\$23,520	2.0%	\$25,743	1.8%
Average Household Income	\$53,869	\$64,321	2.0%	\$70,155	1.8%
Median Household Income	\$45,731	\$55,017	2.1%	\$59,143	1.5%
<b>BEND/DESCHUTES AREA TRACTS</b>					
Per Capita Income	\$20,733	\$27,619	3.2%	\$31,372	2.6%
Average Household Income	\$52,271	\$69,083	3.1%	\$78,163	2.5%
Median Household Income	\$40,752	\$52,867	2.9%	\$59,454	2.4%
<b>JACKSON COUNTY TRACTS</b>					
Per Capita Income	\$19,100	\$23,925	2.5%	\$26,647	2.2%
Average Household Income	\$50,758	\$62,599	2.4%	\$69,199	2.0%
Median Household Income	\$41,548	\$49,404	1.9%	\$54,552	2.0%
<b>SALEM TRACTS</b>					
Per Capita Income	\$25,127	\$26,879	0.8%	\$28,275	1.0%
Average Household Income	\$62,494	\$68,092	1.0%	\$71,475	1.0%
Median Household Income	\$52,639	\$56,689	0.8%	\$59,339	0.9%
<b>WASHINGTON COUNTY TRACTS</b>					
Per Capita Income	\$25,356	\$29,954	1.9%	\$32,620	1.7%
Average Household Income	\$67,787	\$80,624	1.9%	\$87,950	1.8%
Median Household Income	\$55,635	\$65,273	1.8%	\$70,282	1.5%

SOURCE: Claritas and Johnson Reid

**Table F1-13: Cost Burdened Households by Area (2000 Census)**

Area	Owner Occupied	Housing Costs > 30% of Income		Renter Occupied	Housing Costs > 30% of Income		All Occupied	Housing Costs > 30% of Income	
	Units	Homes	Share	Units	Homes	Share	Units	Homes	Share
Clackamas Co.	7,301	2,235	30.6%	4,427	1,743	39.4%	11,728	3,978	33.9%
Bend/Deschutes	27,862	7,074	25.4%	15,001	5,989	39.9%	42,863	13,063	30.5%
Jackson Co.	10,803	2,664	24.7%	5,623	2,320	41.3%	16,426	4,984	30.3%
Salem	2,598	541	20.8%	1,207	315	26.1%	3,805	856	22.5%
Washington Co.	6,678	1,905	28.5%	3,841	1,263	32.9%	10,519	3,168	30.1%
<b>Totals/Averages</b>	<b>55,242</b>	<b>14,419</b>	<b>26.1%</b>	<b>30,099</b>	<b>11,630</b>	<b>38.6%</b>	<b>85,341</b>	<b>26,049</b>	<b>30.5%</b>

SOURCE: US Census and Johnson Reid

Housing Cost Burden. As of the 2000 US Census, 24.8% of homeowners and 40.0% of renters had housing costs exceeding 30% of their gross income in the state of Oregon. This is fairly similar to the rates found in the observed census tracts of 26.1% and 30.5% for homeowners and renters, respectively. Unfortunately, this data is only released on the census tract level every ten years and does not factor in the large home price increases experienced between 2003 and 2006, particularly in Jackson County and Central Oregon.

For owner-occupied units, the Clackamas County tracts had the highest rate of housing cost burden with 30.6% of households paying in excess of 30% of their income towards their mortgage. Among renter

## Factor 1 – Need and Market Conditions

households, the Jackson County tracts had a housing cost burden rate of 41.3%. On a census tract level, tract 9915.00 in Deschutes County had the highest rate of homeowner housing cost burden with 35.7% of households paying in excess of 30% of their income towards their mortgage. Tract 7.00 in Jackson County had the highest rate of renter housing cost burden with 54.1% of households paying in excess of 30% of their income towards their rent.

Conclusion. In every target area, a significant number of households are paying a disproportionately large amount of their income toward housing expenses. The run-up in housing prices during the housing boom that occurred up to 2007 likely made housing affordability problems in the target areas worse than the empirical data show, but that condition has moderated with the market corrections that have recently occurred. This moderating effect notwithstanding, rising unemployment combined with modest income growth make it unlikely that the housing affordability problems confronting almost one in three households in the target areas will be remedied in the near future.

### Other Factors

In addition to price speculation and the related supply run-up, unemployment increases, and stagnant incomes, there are several other significant factors relating to the large number of foreclosures and vacant homes in the observed areas. They include resetting of adjustable-rate mortgages, record building levels in the years preceding the housing collapse and record-level unsold housing inventories. While the Portland metro area has not fared as poorly, the majority of the new construction inventories are located on the periphery of the urbanized area in Clackamas and Washington Counties in Oregon and Clark County in Southwest Washington.

None of the observed areas have social, governmental or educational factors severe enough to make the vacant homes unmarketable. Most of the census tracts are located in areas with low violent crime, relatively stable governments, and average to above-average schools. The foreclosed housing stock is typically in relatively good condition and only abandoned due to rising mortgage payments, job losses, and mortgage balances that are higher than their corresponding property values.

The state's economic malaise is manifesting itself in many significant ways. Homeless populations have increased significantly this past year. The Bend One-Night Homeless Count on January 29, 2009 recorded a 29% increase in homeless numbers. Only a quarter of those counted could be housed in shelters on one of the coldest nights of the year. Unemployment and poverty were the overwhelming reasons cited for being homeless. Clackamas County counted 3,640 homeless individuals, 42% of whom were children. Most of the homeless population consisted of families with children. Most of the homeless people surveyed indicated that the cost of housing was the main reason for being homeless followed by unemployment and medical expenses.<sup>6</sup>

Similar increases in social distress have been reported in other parts of the state. Jackson County has reported record numbers of requests for cash assistance, up 23% over 2008. The county waiting list for housing assistance has grown from 1500 to 4000 (a four year wait-list) this past year. Food stamp requests in Jackson County were up 13% from the previous year in January of 2009. Oregon already has the largest per capita food stamp program in the nation. The biggest spikes in food card requests were in Central Oregon, the north coast and Jackson/Josephine counties. Washington County witnessed a 36% increase in cash assistance requests in January of 2009 over the previous year.<sup>7</sup>

The economic slump, however, has depressed local government revenues and most every state agency, county, city, school district, and special district in the state is budgeting layoffs in the next fiscal year.

---

<sup>6</sup> Bend Consolidated Plan, 2009; Bend Homeless Count, 2009; Clackamas County Homeless County, 2009

<sup>7</sup> Oregon Department of Human Services and Medford Mail Tribune, 2009

## Factor 1 – Need and Market Conditions

Planning and building departments will be especially hard hit with some cities reporting staff layoffs over 80%.

### Best Solutions

The problems confronting neighborhoods in the target areas are as follows:

- Absorption of abandoned and foreclosed properties in the target areas is currently projected to take approximately three years, with absorption occurring more quickly in some areas;
- The majority of housing vacancies are related to newly constructed homes abandoned by speculators when prices fell, or abandoned by unemployed persons without the means to make payments;
- Despite the decline in home prices, housing costs are a significant barrier to market entry for many households, with one in three rental and owner households paying more than 30% of income for housing;
- Oregon does not have a large inventory of older dilapidated dwelling units whose removal would help lower and stabilize vacancy rates in neighborhoods.

Given these conditions, the Consortium has chosen to focus on financial assistance programs to make affordable housing available for low- and moderate-income households (Activity A), and rehabilitate older homes for renters and homeless individuals and families (Activity B).

As described in more detail in Factor 3, proposed activities will help stabilize the housing market in the target areas in the following ways:

- Result in acquisition or rehabilitation and subsequent occupation of foreclosed and abandoned homes within the target areas, with a projected impact on approximately 340 to 360 homes. Occupation of these homes will help reduce vacancy rates and stabilize occupancy rates in the target areas.
- Target very low-, low-, and moderate-income residents. Assisting these residents will help improve their overall economic and social stability by providing them with safe, affordable housing opportunities and reducing their overall costs of living. These actions will help stabilize the economic and social fabric of the target areas.
- Address homelessness in the target areas through programs to be undertaken by OHCS in cooperation with other Consortium members and local communities. Addressing homelessness in these areas will reduce social service costs, improve economic opportunities, and address quality of life issues for people who are homeless or threatened with homelessness, as well as for the target areas in general.
- Improve the physical condition, appearance, and quality of housing to be rehabilitated in the target areas. Rehabilitation of a substantial number of housing units in the area will improve the overall appearance quality of the housing stock in the target areas which will in turn result in increased investment by other property owners. These changes will have short- and long-term economic benefits for the target areas.

## Factor 2 – Demonstrated Capacity

### Factor 2a - Past Experience of Applicant (30 points)

Oregon Housing and Community Services (OHCS) will serve as the lead agency in administering NSP2 funds for the Consortium. OHCS is the Oregon state housing agency that provides financing for affordable housing and administration of federal and state antipoverty programs. OHCS currently administers several federal programs including the rehabilitation portion of the CDBG program, the NeighborWorks foreclosure mitigation grant, and the HOME program. OHCS works in partnership with non-profit housing developers, housing authorities, for-profit developers, and community development organizations. They have helped finance a variety of housing types, including alcohol/drug free and multi-family housing, as well as housing for homeless persons, released offenders, farm workers, and people with disabilities. Through a special initiative financed with state lottery bond proceeds, OHCS provided capital for development, rental assistance, subsidies, and supportive services to help homeless persons find a home. Due to their history of managing these programs, OHCS staff has extensive knowledge of grant fund administration and disbursement.

With the exception of OHCS, the Consortium is made up of CDBG Entitlement areas, also known as Participating Jurisdictions (PJs). The Neighborhood Stabilization Program is similar to CDBG in terms of allowable activities and program implementation. The PJs are familiar with and currently have programs similar to the proposed NSP activities – Financing Mechanisms and Purchase and Rehabilitation. OHCS also has existing homeownership programs, including down payment assistance; acquisition/rehabilitation programs for single- and multi-family properties; and grant programs that are available to individuals and organizations throughout Oregon. The NSP2 activities would be managed and administered similarly to these existing programs, providing smooth and efficient program implementation.

Together, Consortium members have had substantial experience managing these types of neighborhood stabilization activities. The Consortium, in cooperation with other organizations, has successfully completed the following activities in the past 24 months:

- Provided financial assistance to low- and moderate-income homebuyers resulting in the purchase of over 110 homes.
- Provided grants and loan assistance to nearly 200 low- and moderate-income households for needed home repairs and rehabilitation.
- Acquired and rehabilitated housing (both single-family homes and apartment complexes) to provide affordable housing for over 150 families.
- Planned and began construction of a 12-unit subdivision to provide home purchasing options for low- and moderate-income households using the community land trust model of homeownership.

Through these activities, Consortium members have demonstrated their knowledge of federal and state laws, as well as their ability to partner productively with other organizations, administer grants such as HOME and CDBG funds, and manage multi-faceted projects. These activities also require the capacity to work with construction contractors, bid projects, conduct environmental reviews, and carry out property inspections. More detail on specific activities and programs conducted by Consortium members over the last 24 months is provided in Table F2-1. *Information in this table counts towards the five additional pages allowed to describe past experience of Consortium member (in addition to the 40 pages allowed for narrative responding to all rating factors).*

## Factor 2 – Demonstrated Capacity

**Table F2-1: Past Experience of Consortium Members**

<b>Clackamas County</b>	
<b>Category/Project Title:</b> Financing Mechanisms / Clackamas Homebuyer Assistance Program (The program provides direct homebuyer assistance.)	
<i>Tasks</i>	<i>Skills and resources used</i>
<ul style="list-style-type: none"> <li>• Create application and other necessary forms to operate the program</li> <li>• Identify/work with community partners: counseling agencies, realtors, lenders, title cos.</li> <li>• Market program to target audience</li> <li>• Process applications in compliance with HUD rules, crosscutting federal regulations and banking rules</li> <li>• Verify income</li> <li>• Underwrite loans and review closing documents</li> <li>• Conduct property inspections</li> <li>• Conduct Environmental Reviews</li> </ul>	<p>Knowledge of federal and state laws:</p> <ul style="list-style-type: none"> <li>• Uniform Relocation Act</li> <li>• Lending laws</li> <li>• Lead paint rules</li> </ul> <p>Grant administration capability:</p> <ul style="list-style-type: none"> <li>• Contract preparation and administration</li> <li>• Budget tracking / financial management</li> <li>• Monitoring and reporting</li> </ul> <p>Project management capability:</p> <ul style="list-style-type: none"> <li>• Underwriting and inspection</li> </ul>
<i>Results:</i> In the past 24 months, the program has assisted 18 households.	
<b>Category/Project Title:</b> Homeowner Rehabilitation / Clackamas Housing Rehabilitation Program (The program provides loans to low-income homeowners for needed repairs and grants to low-income persons with physical disabilities for safety and access improvements.)	
<i>Tasks</i>	<i>Skills and resources used</i>
<ul style="list-style-type: none"> <li>• Create application and other necessary forms to operate the program</li> <li>• Market program to target audience</li> <li>• Process applications in compliance with HUD rules, crosscutting federal regulations and banking rules</li> <li>• Verify income</li> <li>• Underwrite loans</li> <li>• Conduct property inspections</li> <li>• Conduct Environmental Reviews</li> <li>• Write Rehabilitation Specifications</li> <li>• Prepare bidding and contract documents</li> <li>• Monitor construction work</li> <li>• Approve payments</li> </ul>	<p>Knowledge of federal and state laws:</p> <ul style="list-style-type: none"> <li>• Prevailing wage rules (federal Davis-Bacon and Oregon BOLI)</li> <li>• Lead paint rules</li> <li>• Truth in Lending Act</li> </ul> <p>Grant administration capability:</p> <ul style="list-style-type: none"> <li>• Contract preparation and administration</li> <li>• Budget tracking / financial management</li> <li>• Reporting</li> </ul> <p>Project management capability:</p> <ul style="list-style-type: none"> <li>• Loan underwriting</li> <li>• Cost estimating</li> <li>• Develop project specifications</li> <li>• Inspection and construction oversight</li> </ul>
<i>Results:</i> In the past 24 months, 65 households have been assisted.	
<b>Category/Project Title:</b> Acquisition & Rehabilitation / Bridges to Housing. (Used HOME and CDBG funds to acquire and rehabilitation a duplex to be used as housing for homeless families.)	
<i>Tasks</i>	<i>Skills and resources used</i>
<ul style="list-style-type: none"> <li>• Develop contracts and other necessary forms</li> <li>• Work with non-profit buyer/owner</li> </ul>	<p>Knowledge of federal and state laws:</p> <ul style="list-style-type: none"> <li>• Uniform Relocation Act</li> </ul>

## Factor 2 – Demonstrated Capacity

<ul style="list-style-type: none"> <li>● Process applications in compliance with HUD rules, crosscutting federal regulations and banking rules</li> <li>● Provide relocation assistance</li> <li>● Verify income</li> <li>● Underwrite loans</li> <li>● Conduct property inspections</li> <li>● Conduct Environmental Reviews</li> <li>● Review closing documents</li> </ul>	<ul style="list-style-type: none"> <li>● Prevailing wage rules (federal Davis-Bacon and Oregon BOLI)</li> <li>● Lead paint rules</li> </ul> <p>Grant administration capability:</p> <ul style="list-style-type: none"> <li>● Contract preparation and administration</li> <li>● Budget tracking / financial management</li> <li>● Monitoring and reporting</li> </ul> <p>Project management capability:</p> <ul style="list-style-type: none"> <li>● Underwriting and inspection</li> </ul>
<p><i>Results:</i> Both units of the duplex are now rented to formerly homeless families. Acquisition and rehabilitation were completed within one year.</p>	
<p><b>Category/Project Title:</b> Financing Mechanisms / Clackamas Community Land Trust – Development of the Juneberry Subdivision (HOME funds used to develop a 12-unit subdivision that will provide home-ownership opportunities for low- and moderate-income households.)</p>	
<i>Tasks</i>	<i>Skills and resources used</i>
<ul style="list-style-type: none"> <li>● Develop contracts and other necessary loan documents</li> <li>● Work with non-profit developer</li> <li>● Analyze pro forma and market study</li> <li>● Evaluate application for compliance with HUD rules and crosscutting federal regulations</li> <li>● Conduct Environmental Review</li> <li>● Review closing documents</li> <li>● Verify income</li> <li>● Conduct property standards inspections</li> </ul>	<p>Knowledge of federal and state laws:</p> <ul style="list-style-type: none"> <li>● Uniform Relocation Act</li> <li>● Prevailing wage rules (federal Davis-Bacon and Oregon BOLI)</li> </ul> <p>Grant administration capability:</p> <ul style="list-style-type: none"> <li>● Contract preparation and administration</li> <li>● Budget tracking / financial management</li> <li>● Monitoring and reporting</li> </ul> <p>Project management capability:</p> <ul style="list-style-type: none"> <li>● Underwriting and inspection</li> </ul>
<p><i>Results:</i> The project is now in the development phase and will be completed within the year.</p>	
<p><b>Category/Project Title:</b> Acquisition &amp; Rehabilitation / Seneca Terrace Apartments (HOME and CDBG funds used to acquire and rehabilitate an existing 32-unit apartment complex.)</p>	
<i>Tasks</i>	<i>Skills and resources used</i>
<ul style="list-style-type: none"> <li>● Develop contracts and other necessary loan documents</li> <li>● Work with non-profit owner/developer</li> <li>● Analyze pro forma and market study</li> <li>● Evaluate application for compliance with HUD rules and crosscutting federal regulations</li> <li>● Conduct Environmental Review</li> <li>● Review closing documents</li> <li>● Verify income</li> <li>● Conduct property standards inspections</li> </ul>	<p>Knowledge of federal and state laws:</p> <ul style="list-style-type: none"> <li>● Uniform Relocation Act</li> <li>● Prevailing wage rules</li> <li>● Lead Paint Rules</li> </ul> <p>Grant administration capability:</p> <ul style="list-style-type: none"> <li>● Contract preparation and administration</li> <li>● Budget tracking / financial management</li> <li>● Monitoring and reporting</li> </ul> <p>Project management capability:</p> <ul style="list-style-type: none"> <li>● Underwriting and inspection</li> <li>● Contract oversight</li> </ul>

## Factor 2 – Demonstrated Capacity

<i>Results:</i> Acquisition is complete. The owner is now in the process of securing the tax credits for the rehab phase of the project.	
<b>City of Bend (representing Central Oregon Counties)</b>	
<b><i>Category/Project Title:</i></b> Financing Mechanisms / Home-ownership Assistance Loans, city of Bend	
<i>Tasks</i>	<i>Skills and resources used</i>
<ul style="list-style-type: none"> <li>• Certify income eligibility</li> <li>• Conduct property standards inspections</li> <li>• Conduct Environmental Reviews</li> <li>• Underwrite loans</li> </ul>	Knowledge of federal and state laws Project management capability: <ul style="list-style-type: none"> <li>• Underwriting</li> <li>• Inspection</li> </ul>
<i>Results:</i> 15 families assisted in the past 24 months.	
<b><i>Category/Project Title:</i></b> Acquisition & Rehabilitation / NeighborImpact	
<i>Tasks</i>	<i>Skills and resources used</i>
<ul style="list-style-type: none"> <li>• Conduct property standards inspections</li> <li>• Underwrite loans</li> <li>• Bid specifications and procurement</li> <li>• Contracting</li> <li>• Contract management</li> </ul>	Knowledge of federal and state laws: <ul style="list-style-type: none"> <li>• Uniform Relocation Act</li> <li>• Prevailing wage rules (federal Davis-Bacon and Oregon BOLI)</li> </ul> Grant administration capability: <ul style="list-style-type: none"> <li>• Contract preparation and administration</li> <li>• Budget tracking / financial management</li> <li>• Monitoring and reporting</li> </ul> Project management capability: <ul style="list-style-type: none"> <li>• Underwriting and inspection</li> </ul>
<i>Results:</i> 37 families assisted in the past 24 months	
<b><i>Category/Project Title:</i></b> Financing Mechanisms / Homeowner Assistant Loans through NeighborImpact	
<ul style="list-style-type: none"> <li>• Underwriting assistance</li> </ul>	Project management capability
<i>Results:</i> 20 families have been assisted in the past 24 months.	
<b>Washington County</b>	
<b><i>Category/Project Title:</i></b> Financing Mechanisms / Washington County American Dream Down-payment Initiative (ADDI) Homebuyer Program	
<i>Tasks</i>	<i>Skills and resources used</i>
<ul style="list-style-type: none"> <li>• Certify income eligibility</li> <li>• Property inspections</li> <li>• Underwrite of primary lending</li> <li>• Due diligence/title/closing</li> <li>• Draft of down payment assistance loan documents</li> </ul>	<ul style="list-style-type: none"> <li>• Section 8, Part 5 cert. eligibility experience</li> <li>• Housing quality standards</li> <li>• Real estate finance</li> <li>• Technical writing</li> </ul>
<i>Results:</i> 25 homebuyers were able to purchase their first homes in Washington County	
<b><i>Category/Project Title:</i></b> Financing Mechanisms / Washington County HOME Investment	

## Factor 2 – Demonstrated Capacity

<b>Partnership Program Homebuyer Program</b>	
<i>Tasks</i>	<i>Skills and resources used</i>
<ul style="list-style-type: none"> <li>• Certify income eligibility</li> <li>• Property inspections</li> <li>• Underwrite of Habitat for Humanity lending</li> <li>• Due diligence/title/closing</li> <li>• Draft of second mortgage loan documents</li> </ul>	<ul style="list-style-type: none"> <li>• Section 8, Part 5 cert. eligibility experience</li> <li>• Housing quality standards</li> <li>• Real estate finance</li> <li>• Technical writing</li> </ul>
<p><i>Results:</i> 12 homebuyers were able to purchase HOME-assisted single-family homes in Washington County</p>	
<p><b>Category/Project Title:</b> Financing Mechanisms / Washington County Housing Rehabilitation Program</p>	
<i>Tasks</i>	<i>Skills and resources used</i>
<ul style="list-style-type: none"> <li>• Contractor selection and certification</li> <li>• Homeowner income eligibility</li> <li>• Bid specifications and procurement</li> <li>• Draft of rehabilitation loan documents</li> </ul>	<ul style="list-style-type: none"> <li>• Federal procurement experience</li> <li>• Section 8, Part 5 Cert. experience</li> <li>• Technical writing</li> </ul>
<p><i>Results:</i> Over 100 homeowners were assisted with Home Access &amp; Repair for the Disabled and Elderly (HARDE) grants and/or Housing Rehabilitation loans in order to make minor housing repairs to their owner-occupied units in Washington County</p>	
<b>City of Medford</b>	
<p><b>Category/Project Title:</b> Financing Mechanisms / First Time Homeowner Assistance Program</p>	
<i>Tasks</i>	<i>Skills and resources used</i>
<ul style="list-style-type: none"> <li>• Development of program guidelines</li> <li>• Promotion of program to lenders, realtors</li> <li>• Loan preparation, environmental review, lead based paint inspections</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge of other programs</li> <li>• Experience with outreach through annual meetings, website, and brochures</li> <li>• Working with lenders and home buyers</li> </ul>
<p><i>Results:</i> More than 8 households used this down payment and closing cost assistance to purchase their first homes over the past 3 years.</p>	
<p><b>Category/Project Title:</b> Acquisition &amp; Rehabilitation / Liberty Park Rehab Program</p>	
<i>Tasks</i>	<i>Skills and resources used</i>
<ul style="list-style-type: none"> <li>• Development of guidelines</li> <li>• Promotion of program</li> <li>• Implementation of program</li> <li>• Property inspection</li> </ul>	<ul style="list-style-type: none"> <li>• Experience with outreach</li> <li>• Knowledge of federal and state laws</li> <li>• Grant administration capability</li> <li>• Project management capability</li> </ul>
<p><i>Results:</i> Two homes rehabbed with tax increment financing dollars.</p>	
<p><b>Category/Project Title:</b> Acquisition &amp; Rehabilitation / Homeowner Repair Program</p>	
<i>Tasks</i>	<i>Skills and resources used</i>

## Factor 2 – Demonstrated Capacity

<ul style="list-style-type: none"> <li>• Development of guidelines</li> <li>• Promotion of program</li> <li>• Qualify client for program</li> <li>• Work with contractors</li> <li>• Underwriting, Environmental Review, and property standards inspections</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge of other programs</li> <li>• Experience with outreach</li> </ul> <p>Knowledge of federal and state laws:</p> <ul style="list-style-type: none"> <li>• Lead based paint rules</li> </ul>
<p><i>Results:</i> 15 to 17 homes annually are rehabbed. This program has been implemented over the past 20 years with Community Development Block Grant funds.</p>	
<p><b>Category/Project Title:</b> Category/Project Title: New Construction/ Maple Terrace Apartments (Medford CDBG, 9% LIHTC, HOME, State of Oregon Trust Funds, State Tax Credits)</p>	
<i>Tasks</i>	<i>Skills and resources used</i>
<ul style="list-style-type: none"> <li>• Purchase and development of property</li> <li>• Obtaining financing</li> <li>• Construction of units</li> <li>• Marketing to prospective residents</li> </ul>	<p>Knowledge of federal and state laws:</p> <ul style="list-style-type: none"> <li>• URA &amp; HOME acquisition requirements, landlord/tenant and Fair Housing laws</li> <li>• Local planning and zoning regulations</li> </ul> <p>Grant administration capability:</p> <ul style="list-style-type: none"> <li>• Knowledge of and expertise to obtain and implement available grant &amp; loan funding</li> <li>• Knowledge of contracts and partnership agreements</li> </ul> <p>Project management capability:</p> <ul style="list-style-type: none"> <li>• Contract oversight and inspection</li> </ul>
<p><i>Results:</i> 82 Units of Affordable housing for resident families earning 50% of the area median income or less; leased in less than 3 months from date of certification of occupancy.</p>	
<p><b>City of Salem</b></p>	
<p><b>Category/Project Title:</b> Financing Mechanisms / Homebuyer Assistance Program</p>	
<i>Tasks</i>	<i>Skills and resources used</i>
<ul style="list-style-type: none"> <li>• Income verification</li> <li>• Document review</li> <li>• Work specifications and bid review</li> <li>• Project inspections</li> <li>• Final project closeout</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge of state and federal rules</li> <li>• Grant administration capability</li> <li>• Project management capability</li> </ul>
<p><i>Results:</i> 18 homebuyers have purchased homes using the homebuyer assistance program in the last 24 months.</p>	

### Factor 2b - Management Structure (10 points)

#### Oregon Housing and Community Services

As mentioned previously, OHCS will serve as the lead agency in administering NSP2 funds for the Consortium. As an entitlement agency for funds through NSP1, OHCS is set up to draw down funds through the Disaster Recovery Grant Reporting System (DRGR). OHCS intends to manage grant funds

## Factor 2 – Demonstrated Capacity

awarded through NSP2 with the same approach as the DRGR funds. NSP2 funds will be processed in the following manner:

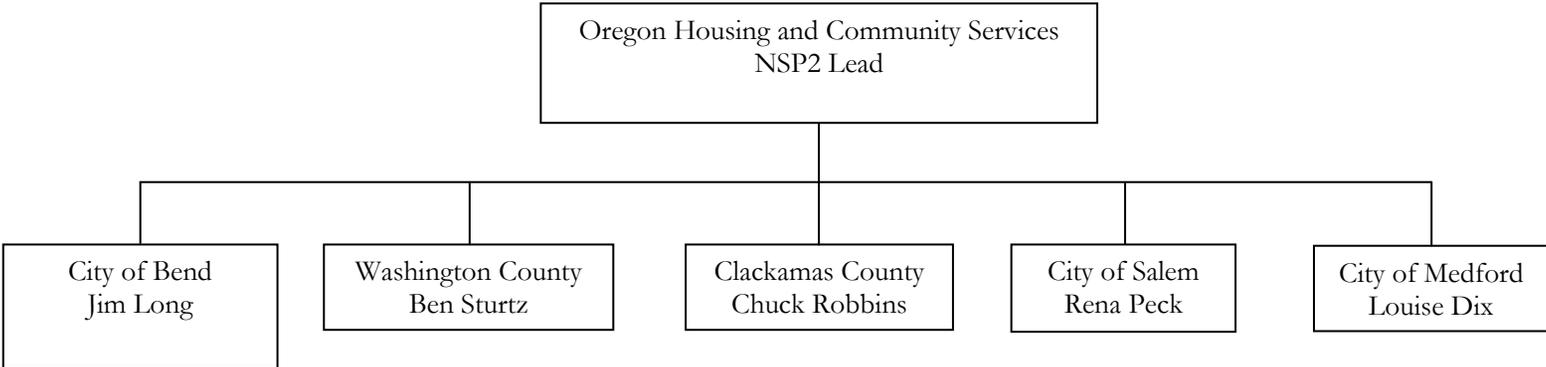
- Consortium members will request fund draw downs. Members must provide program activity, property address, dollar request and other necessary information to record properly in the online Disaster Recovery Grant Reporting (DRGR) system.
- NSP2 program staff at OHCS will input draw request into database and enter activity information into the DRGR system.
- The Financial Management Division (FMD) will be electronically notified of draw request.
- The FMD will create and approve vouchers in DRGR. Some FMD staff will only have the authority to create vouchers and others will only have the authority to approve vouchers in order to provide quality control.
- Funds will be disbursed to Consortium members for specific project activities.

Key OHCS staff and their specific roles are described below.

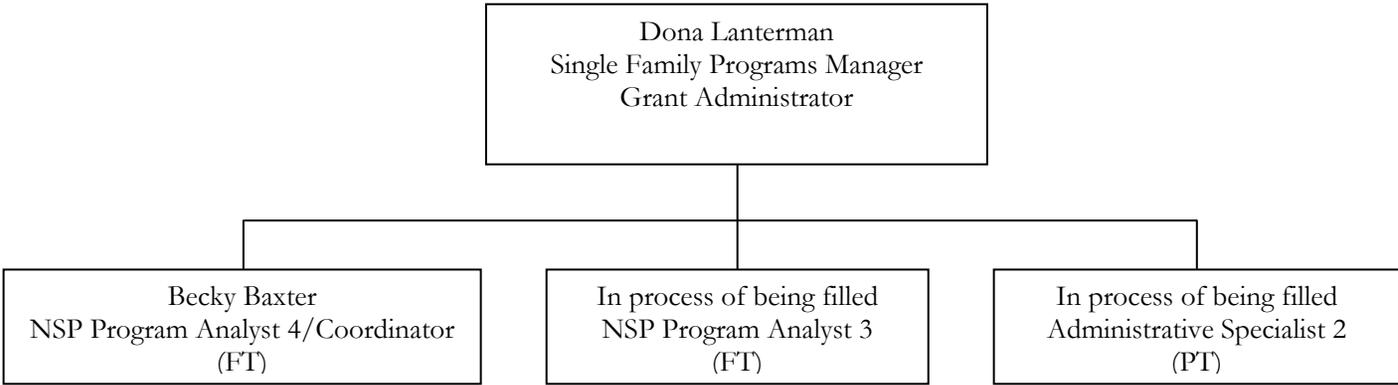
- Dona Lanterman, Single Family Programs Manager – Ms. Lanterman will provide program oversight and management, and work with NSP staff on program development, implementation and monitoring. She is the Grant Administrator for NSP1 and has been a key participant in program development and implementation. Ms. Lanterman is the Single Family Programs Manager and is the administrator for several other grant programs in her section. She has extensive experience in lending, underwriting and programs management.
- Becky Baxter, NSP Program Analyst 4/Coordinator – Ms. Baxter will work in concert with the Program Analyst 3 and Administrative Specialist 2 positions, providing training to the to-be-appointed positions. Ms. Baxter will work in cooperation with the Contracts Section to prepare contracts, agreements and awards for NSP funds. She will be responsible for the internal audit function; examining and identifying potential operations and program risk; missing or ineffective internal controls; and potential non-compliance issues. She will share the training and monitoring responsibilities with the other NSP Program Analyst position. Ms. Baxter has extensive experience in escrow closing, project underwriting and program monitoring.
- NSP Program Analyst 3/Coordinator - In Recruitment – This position will be responsible for the environmental review process and the ongoing monitoring of projects and organizations for compliance with NSP requirements. This position will facilitate and track payments, input data into DRGR, and provide technical assistance to organizations, lenders and realtors.
- NSP Administrative Specialist – In Recruitment (Part time position) – This position will be responsible for data input into DRGR, timely HUD reporting and submission, some technical assistance and overall program knowledge and tracking.

An organizational chart for both Consortium and OHCS are provided on the following page.

**Neighborhood Stabilization Program 2  
Consortium Organizational Structure**



**Neighborhood Stabilization Program 2  
Oregon Housing and Community Services Organizational Structure**



## Factor 2 – Demonstrated Capacity

As indicated in the organizational chart for the Consortium, each Consortium member will assign one primary person to serve as NSP2 lead for that particular entitlement agency. Each county will also have supporting staff to work with the NSP2 lead in managing and administering funds received. Key staff and their intended roles for each Consortium member are provided below.

### Clackamas County

#### Key Staff:

- Chuck Robbins, Community Development Director. Mr. Robbins administers the CDBG, HOME, ESG, Continuum of Care, NSP1, and the Homelessness Prevention and Rapid Rehousing programs for Clackamas County and will provide grant planning, administration and compliance for the NSP2 program. Mr. Robbins has 29 years of experience in managing HUD housing and community development activities.
- Steve Kelly and Mark Sirois, CD Project Managers. Mr. Kelly and Mr. Sirois will provide project management. Mr. Kelly will handle any URA issues and Mr. Sirois will prepare the necessary reviews and postings for the Environmental Review. Together they have a combined 8 years of direct project management experience.
- Kathy Rock and George O'Donnell, Rehab Advisors. The Rehab Advisors will oversee the entire rehab phase including initial inspections and evaluation, determining the scope of work, writing bid specification and documents for the homeowner-contractor contract, estimating costs, overseeing the construction work, approving payments, arranging specialty inspections and clearances, and closing out the project. They have a combined 55 years of experience in managing HUD funded housing rehabilitation activities.
- Lori Stomps, Loan Processor. Ms. Stomps will facilitate and track payments. After project completion, she will assist with any monitoring requirements. Ms. Stomps has 20 years of experience in tracking HUD housing and community development activities.
- Gloria Lewton, Housing Program Manager. Ms. Lewton will prepare contracts and agreements and assist with grant administration tasks such as monitoring and reporting. She has 13 years of experience in managing HUD housing and community development activities.

### City of Medford

#### Key Staff:

- Louise Dix, Neighborhood Resource Coordinator for the city of Medford, will administer the program for Medford/Jackson County. Ms. Dix has administered the city of Medford's Community Development Block Grant Program since September 2001. She serves as chair of the Southern Oregon Housing Resource Center for Jackson and Josephine County. She also current administers NSP1 funds for the City which is the only jurisdiction in Oregon to have used NSP1 funds to date.
- Melodee Sewell, Housing Specialist, Southern Oregon Housing Resource Center at ACCESS, Inc. Ms. Sewell has administered the city's First Time Homebuyer Assistance Program for three years. She is a certified HUD Counselor. The city would be subcontracting with ACCESS on Activity 1.

### City of Bend (representing Central Oregon Counties)

#### Key Staff:

- Jim Long, Affordable Housing Manager, city of Bend: Responsible for management and implementation of the program for the tri-county region. Will ensure all compliance with CDBG and other HUD requirements, including Environmental Review, Uniform Relocation Act, Housing Quality Standards, etc. Over twenty years experience in managing HUD housing programs.

## Factor 2 – Demonstrated Capacity

- Terri Shepherd, Assistant to the Director, city of Bend: Responsible for processing of payments through city of Bend finance system, loan document review, pay processing, contract processing, etc. Over twenty years experience in Real Estate and government operations.
- Vacant Position, Loan Processor, city of Bend: This position will do base loan processing such as document preparation, filing, etc.

### Washington County

Key Staff:

- Benjamin Sturtz, Housing Services Specialist, Washington: Mr. Sturtz will be managing the activities associated with NSP2. He has managed the American Dream Downpayment Initiative (ADDI), assisting with down payment assistance and subordinated loan financing to 25 homebuyers for over two years. He has also assisted with the acquisition and rehabilitation of several properties that have been converted into rental housing as well as three different Habitat for Humanity projects for new homeowners.
- Peggy A. Linden, Program Manager for Washington County’s Office of Community Development, oversees the CDBG, HOME, NSP-1, ESG and Housing Rehabilitation programs for the Washington County Office of Community Development. Ms. Linden has over 30 years experience with federally-funded housing acquisition and rehabilitation programs at Washington County. Ms. Linden will provide project oversight, financial management, and monitoring in conjunction with the proposed activities associated with the NSP2 program.

### City of Salem

Key Staff:

- Rena Peck, Federal Programs Manager, will oversee use of funds and provide program oversight. Ms. Peck currently manages approximately \$3 million in entitlement funds and oversees the current homebuyer and rehabilitation program staff and projects. She has worked as a project coordinator with Federal Programs for three years and was promoted to manager two years ago.
- Toni Payseno, Project Coordinator, will provide marketing materials and ensure all information on web is up to date. Ms. Payseno currently manages all marketing for the Federal Programs Division. She has worked with Federal Programs for 3 years and manages projects that range from \$50,000 to \$300,000. She is also the Davis Bacon and Relocation staff person.
- Sue Ballard, Funding Specialist, will process all loan applications to determine income eligibility and review all pay requests. Ms. Ballard has worked in this field for a at least 10 years and works closely with contractors and homeowners. This position works in both the homebuyer and rehabilitation programs.
- Mike Kemper, Rehabilitation Specialist. Mr. Kemper will provide all the physical field work, property inspections, bid submittals, and pay request inspections. Mr. Kemper has worked in this field for approximately 10 years. Before working in federal programs, he was a compliance inspector for the city.

**Table F2-2: Factor 2b(2) - References**

<b>Name:</b>	Sarah Buckley, Executive Director
<b>Organization/Company:</b>	Clackamas Community Land Trust
<b>Address:</b>	11062 SE 21st Avenue Milwaukie, OR 97222
<b>Phone:</b>	503-659-1618

## Factor 2 – Demonstrated Capacity

<b>Email:</b>	buckley@clackamasclt.org
<b>Name:</b>	Cindy Dyer, Manager, Housing Department
<b>Organization/Company:</b>	ACCESS, Inc.
<b>Address:</b>	3630 Aviation Way P.O. Box 4666 Medford, OR 97501
<b>Phone:</b>	541-774-4319
<b>Email:</b>	dyer@access-inc.org
<b>Name:</b>	Marilyn Palma, Accountant
<b>Organization/Company:</b>	Habitat for Humanity
<b>Address:</b>	2630 SE 39th Loop, Suite “A” Hillsboro, OR 97123
<b>Phone:</b>	503-844-7606
<b>Email:</b>	mpalma@wwhfh.org
<b>Name:</b>	Mary McDougall, Escrow Officer
<b>Organization/Company:</b>	Chicago Title Insurance
<b>Address:</b>	5300 SW Meadows Road, Suite 100 Lake Oswego, OR 97035
<b>Phone:</b>	503-973-7500
<b>Email:</b>	Mary.McDougall@ctt.com

## Factor 3 - Soundness of Approach

### *Factor 3a - Proposed Activities (15 points)*

The Consortium proposes to direct the NSP2 funding towards two main activities: establishing financing mechanisms to assist low-, moderate-, and middle-income families in the purchase of a foreclosed-upon homes (Activity A), and acquisition and rehabilitation of abandoned or foreclosed homes in order to sell, rent or redevelop them (Activity B). Activity A financing mechanisms to be employed include assistance with down payments, mortgage buy-downs, and closing costs for the purchase of homes, as well as low- or zero-interest mortgage loans, financial assistance with rehabilitation and repair costs, and financial training and education. Activities under Category B will include acquisition and rehabilitation or redevelopment of single-family homes, townhomes, and apartment complexes to make them available for rent or purchase by low- and moderate-income families. In some cases, Consortium members propose to solicit non-profit organizations to undertake the purchase and rehabilitation of such properties.

A portion of funds received by the Consortium will be used to expand existing efforts and programs. For example, Clackamas County proposes to use a portion of funding to expand its existing Homebuyer Program for foreclosed homes. This program provides down payment, closing cost, and rehabilitation assistance to home buyers below 120% of the Area Median Income (AMI). In addition, the county will partner with the Hacienda Community Development Corporation in order to expand homeownership opportunities to Latino families and other recent immigrants. Clackamas County will also partner with the Clackamas County Land Trust (CCLT). CCLT provides home ownership opportunities to families with incomes from 50-80% of AMI.

The City of Bend proposes to use the majority of funding to partner with and expand existing organizations such as HousingWorks, NeighborImpact, Central Oregon Builders Association, and various Habitat for Humanity affiliates. In addition, they plan to partner with various non-profit organizations in the target areas to purchase foreclosed properties and develop rental housing for tenants whose incomes do not exceed 80 % of AMI. The City of Medford intends to partner with the Jackson County Housing Authority to acquire and redevelop a subdivision of foreclosed townhomes to provide rental and ownership options for families at or below 50% of AMI.

Most of these existing efforts and programs are currently funded by other federal funding sources such as HOME, ADDI, and CDBG. These efforts will also build on the activities funded under NSP1.

The Consortium lead agency, OHCS, also proposes to use a portion of the funds (\$5 million) for Activity B to support Governor Kulongoski's ten-year initiative to end homelessness in Oregon. OHCS will partner with the Oregon Department of Human Services (DHS) and work with organizations in the target areas to acquire and rehabilitate foreclosed homes in order to provide housing for homeless individuals and families. There are some state funds available for this activity stemming from the state's recently passed Document Recording Fee; approximately 10% of revenue generated by the fee is available for activities that address homelessness. OHCS anticipates that the state funds will cover the program's operating costs and NSP2 grant funds will be used for acquisition and rehabilitation activities.

Consortium members have secured some funds, materials, and services in order to use the requested NSP2 funds as effectively and efficiently as possible. Particularly at the state level, there will be significant leverage of state monies to augment and support NSP2 funds, which will serve very low-income residents. Currently, these funds have not been firmly committed per the definition (legally obligated to a specific activity, or under Consortium control and budgeted for a specific activity). However, the Consortium does have letters of commitment for some funds. More detail is provided in the narrative under Factor 4.

Proposed activities will help stabilize the housing market in the target areas in the following ways:

- Result in acquisition or rehabilitation and subsequent occupation of foreclosed and abandoned homes within the target areas, with a projected impact on approximately 340 to 360 homes.

## Factor 3 - Soundness of Approach

Occupation of these homes will help reduce vacancy rates and stabilize occupancy rates in the target areas.

- Target very low-, low-, and moderate-income residents. Assisting these residents will help improve their overall economic and social stability by providing them with safe, affordable housing opportunities and reducing their overall costs of living. These actions will help stabilize the economic and social fabric of the target areas.
- Address homelessness in the target areas through programs to be undertaken by OHCS in cooperation with other Consortium members and local communities. Addressing homelessness in these areas will reduce social service costs, improve economic opportunities, and address quality of life issues for people who are homeless or threatened with homelessness, as well as for the target areas in general.
- Improve the physical condition, appearance, and quality of housing to be rehabilitated in the target areas. Rehabilitation of a substantial number of housing units in the area will improve the overall appearance quality of the housing stock in the target areas which will in turn result in increased investment by other property owners. These changes will have short- and long-term economic benefits for the target areas.

Improved stabilization of the neighborhoods based on the effects described above is expected to take place over the short- and long-term. Acquisition and rehabilitation efforts are expected to take between 18 months and three years as described under Factor 3b. Initial positive impacts on neighborhood stabilization will occur during this time period. Because the proposed efforts are also intended to ensure long-term affordability of newly acquired or rehabilitated housing, these benefits are expected to be sustained over the long term. These efforts also are expected to result in a cycle of renewed private investment in these areas, with long-term benefits.

Due to the large geographic area covered by the target census tracts, Consortium members will need to further refine and target their proposed activities in order to ensure funds are used efficiently and neighborhood stabilization is achieved. Additional targeting approaches will vary among Consortium members based on the specific circumstances in each county.

For example, Clackamas County intends to focus acquisition and rehabilitation activities on the target census tracts in Oregon City because it is the most densely populated area and allows for maximization of neighborhood impact. This area also offers the best transit options as well as access to services and amenities, which are important features for the low- and moderate-income residents to whom they will be marketing the properties. For the homebuyer program, the county intends to focus activities on the more densely populated city neighborhood, particularly in those census tracts that include a large amount of sparsely populated rural and forest lands. Again, this will maximize efficiency of the activities and stabilize neighborhoods.

The City of Bend proposes utilizing the acquisition/rehabilitation funds, in partnership with the local building organization and local non-profits, to purchase unfinished homes in residential subdivisions, mostly in the more densely populated census tracts in Bend, Redmond, and portions of Sisters. The homebuyer purchasing will be utilized in all regions, including the less dense, rural areas of south Deschutes County, Crook County and Jefferson County.

The state also will assist in targeting funds effectively by helping ensure that target projects are in close proximity to human and social services, and by focusing on partnerships with new and existing partners who have demonstrated the ability to create permanent housing for low-income and homeless individuals and families.

## Factor 3 - Soundness of Approach

Table F3-1 below contains additional detail about proposed activities by Consortium members, including the activity type (per the list of eligible uses in Appendix 1) and amount of funds requested for each.

**Table F3-1: Proposed Use of NSP2 Funds**

Type of Activity	Amount of Funds Budgeted	Responsible Entity	Expansion of Existing Program?	Range of Interest Rates	Duration of Assistance	Tenure of Beneficiaries	Location
<b>Oregon Housing and Community Services</b>							
Activity B – Acquisition & Rehabilitation (55 units)	\$5,000,000	OHCS and DHS	Yes, Housing PLUS program	0%	NSP funds only: minimum 20 years. State funds included: minimum 25 years.	Renters	Consortium target areas
<b>Clackamas County</b>							
Activity A – Financing Mechanisms (20 units)	\$1,000,000	Clackamas County	Yes HOME ADDI NSP1	1 <sup>st</sup> mortgage at current interest rates 2 <sup>nd</sup> mortgage at 0% deferred payment loan	1 <sup>st</sup> mortgage 30 yr fixed 2 <sup>nd</sup> mortgage min 15 year affordability & deferred payment loan	Owners	County wide
Activity A – Financing Mechanisms (10 units)	\$500,000	Hacienda Community Development Corporation (CDC)	Yes OHCS	1 <sup>st</sup> mortgage at current interest rates 2 <sup>nd</sup> mortgage at 0% deferred loan	1 <sup>st</sup> mortgage 30 yr fixed 2 <sup>nd</sup> mortgage min 15 year affordability & deferred payment loan	Owners	Molalla, Estacada & Sandy target areas
Activity B – Acquisition & Rehabilitation (5 units)	\$1,500,000	Clackamas Community Land Trust (CCLT)	Yes NSP1 HOME Foundation grants	1 <sup>st</sup> mortgage at current interest rates 2 <sup>nd</sup> mortgage at 0% deferred loan	CCLT has a 99 year renewable lease on the property to ensure long term affordability. 2 <sup>nd</sup> mortgage min 15 year affordability	Owners	Oregon City target areas

### Factor 3 - Soundness of Approach

Type of Activity	Amount of Funds Budgeted	Responsible Entity	Expansion of Existing Program?	Range of Interest Rates	Duration of Assistance	Tenure of Beneficiaries	Location
Activity B – Acquisition & Rehabilitation (1 unit)	\$400,000	Edwards Center	No	TBD	Grant for purchase and rehab., 0%; 15 year period of compliance	Renter	Oregon City target areas
<b>City of Bend (representing Central Oregon Counties)</b>							
Activity A – Financing Mechanisms	\$7,000,000	City of Bend	No	0%	Deferred payment loan	Owners/ Renters	Tri-County
Activity B – Acquisition & Rehabilitation (50-75 homes)	\$2,000,000	City of Bend	No	0%	Deferred payment loan	Owners/ Renters	Tri-County
<b>Washington County</b>							
Activity A – Financing Mechanisms	\$700,000	Washington County OCD	No	0%	15 years	Owners	Parts of Aloha, Sherwood and Hillsboro
Activity B – Acquisition & Rehabilitation (7 homes)	\$2,510,529	Washington County OCD	No	0%	20 years (rental); 15 years (homebuyer)	Renters for four homes, owners for three homes	Parts of Aloha, Sherwood, Hillsboro
<b>City of Medford</b>							
Activity A – Financing Mechanisms & Activity B –	\$1,000,000	Southern Oregon Housing Resource	Yes	0%	Deferred payment loan	Owners	Targeted block groups in Jackson

### Factor 3 - Soundness of Approach

Type of Activity	Amount of Funds Budgeted	Responsible Entity	Expansion of Existing Program?	Range of Interest Rates	Duration of Assistance	Tenure of Beneficiaries	Location
Acquisition & Rehabilitation (20 units)		Center/City of Medford					County
Activity B – Acquisition & Redevelopment of Townhomes (81 units) Activity C – Establish land banks for residential properties	\$2,000,000	Housing Authority of Jackson County	No	Bridge loan at current market rates	30 to 40 years	Owners/ Renters	White City
<b>Marion County</b>							
Activity A – Financing Mechanisms (5 units)	\$250,000	City of Salem	No	0%	10 years	Owners	Cities of Salem and Keizer
Total Program Activities	\$23,860,529						
Administrative costs (10%)	\$2,386,053						
Total Requested	\$26,246,582						

## Factor 3 - Soundness of Approach

### Factor 3b - Project Completion Schedule (5 points)

Completion schedules will vary slightly among Consortium members due to the variety of different programs involved. Clackamas County and the City of Bend intend to use the funds consistently over a three year period. Washington County and the City of Medford plan to complete their Financial Mechanisms and Acquisition & Rehabilitation activities within 18 months of receipt of funds. The City of Salem intends to disperse funding over a three year period and expects that each individual project (homebuyer assistance) will take approximately four months to complete.

The overall schedule for administration and expenditure of funds, including the reporting schedule, is provided below. Completion milestones for specific Consortium members are indicated. This schedule assumes grant funds will be awarded December 1, 2009.

**Table F3-2: Project Completion Schedule**

Month & Year	Activity to be Completed
Prior to December 2009	<ul style="list-style-type: none"> <li>Identify NSP2 non-profit grant partners</li> <li>Identify community partners</li> <li>Develop marketing strategy and materials</li> </ul>
December 1, 2009	<ul style="list-style-type: none"> <li>Grant is awarded</li> </ul>
December to March 2009	<ul style="list-style-type: none"> <li>Program promotion/marketing</li> <li>Program design</li> <li>Identify eligible homebuyers/tenants</li> <li>Issue requests for proposals</li> <li>Draft loan documents and homebuyer materials</li> <li>Draft grant documents for permanent supportive housing</li> </ul>
April 2010	<ul style="list-style-type: none"> <li>OHCS submits quarterly report to HUD no later than April 10, 2010</li> </ul>
July 2010	<ul style="list-style-type: none"> <li>OHCS submits quarterly report to HUD no later than July 10, 2010</li> </ul>
September 2010	<ul style="list-style-type: none"> <li>Washington County assists 14 homebuyers to purchase homes</li> <li>Washington County acquires seven properties for rehabilitation</li> </ul>
October 2010	<ul style="list-style-type: none"> <li>OHCS submits quarterly report to HUD no later than October 10, 2010</li> </ul>
End Year One 2010	<ul style="list-style-type: none"> <li>Clackamas County closes 8 homebuyer loans</li> <li>City of Bend complete assistance for 50 properties</li> <li>OHCS funds Acquisition &amp; Rehabilitation, redevelopment of 20 homes/properties</li> </ul>
January 2011	<ul style="list-style-type: none"> <li>OHCS submits quarterly report to HUD no later than January 10, 2011</li> </ul>
April 2011	<ul style="list-style-type: none"> <li>OHCS submits quarterly report to HUD no later than April 10, 2011</li> </ul>
June 2011	<ul style="list-style-type: none"> <li>Washington County completes rehabilitation on seven properties, four to be rented and three to be purchased</li> <li>City of Medford assists 20 homebuyers to purchase a foreclosed home</li> <li>City of Medford completes redevelopment of townhome subdivision and begins renting units</li> </ul>

## Factor 3 - Soundness of Approach

Month & Year	Activity to be Completed
	<ul style="list-style-type: none"> <li>• City of Bend completes assistance for 100 properties (total)</li> </ul>
July 2011	<ul style="list-style-type: none"> <li>• OHCS submits quarterly report to HUD no later than July 10, 2011</li> </ul>
September 2011	<ul style="list-style-type: none"> <li>• OHCS begins monthly reporting to HUD - to continue until December 2011</li> </ul>
October 2011	<ul style="list-style-type: none"> <li>• OHCS submits quarterly report to HUD no later than October 10, 2011</li> </ul>
End Year Two 2011	<ul style="list-style-type: none"> <li>• Clackamas County closes 15 homebuyer loans</li> <li>• Clackamas Community Land Trust acquires and rehabilitates three homes</li> <li>• City of Bend completes assistance for 175 properties (total)</li> <li>• OHCS funds Acquisition &amp; Rehabilitation, redevelopment of 25 homes/properties</li> <li>• 50% of NSP2 funds is spent</li> </ul>
January 2012	<ul style="list-style-type: none"> <li>• OHCS submits quarterly report to HUD no later than January 10, 2012</li> </ul>
April 2012	<ul style="list-style-type: none"> <li>• OHCS submits quarterly report to HUD no later than April 10, 2012</li> </ul>
July 2012	<ul style="list-style-type: none"> <li>• OHCS submits quarterly report to HUD no later than July 10, 2012</li> </ul>
September 2012	<ul style="list-style-type: none"> <li>• OHCS begins monthly reporting to HUD - to continue until December 2012</li> </ul>
October 2012	<ul style="list-style-type: none"> <li>• OHCS submits quarterly report to HUD no later than October 10, 2012</li> </ul>
January 2013	<ul style="list-style-type: none"> <li>• OHCS submits quarterly report to HUD no later than January 10, 2013</li> </ul>
End Year Three 2012	<ul style="list-style-type: none"> <li>• Clackamas County closes 7 homebuyer loans</li> <li>• Clackamas Community Land Trust acquires and rehabilitates three homes</li> <li>• City of Bend completes assistance for 225 properties (total)</li> <li>• OHCS completes 55 Acquisition &amp; Rehabilitation, redevelopment of 55 homes/properties</li> <li>• 100% of NSP2 funds is spent</li> </ul>

### *Factor 3c - Income Targeting (5 points)*

Target below 120% AMI. All NSP2 funds received by the Consortium will be used to provide assistance for individuals and families with incomes below 120 % of AMI. Consortium members will conduct marketing and outreach in order to reach this target population; they will also coordinate with other agencies that work with the target population in order to reach as many eligible persons as possible. They will use existing HUD eligibility criteria and procedures from existing locally administered programs to verify incomes for all persons applying for, and receiving, assistance.

Target below 80% AMI. Consortium members also intend to implement or expand programs that specifically target individuals and families with lower incomes, consistent with NSP2 grant requirements. For example, Clackamas County proposes to partner with the Clackamas County Land Trust to acquire and rehabilitate foreclosed homes and provide permanent housing for persons below 80% of AMI. Central Oregon counties intend to solicit non-profit agencies in the target areas to purchase and redevelop properties to provide rental opportunities for tenants below 80% of AMI.

## Factor 3 - Soundness of Approach

Target below 50% AMI. OHCS has requested \$5 million in NSP2 funds that it proposes to use, in cooperation with non-profit organizations and other state agencies, for the purchase and rehabilitation of foreclosed homes in order to provide rental housing for homeless persons. In order to be eligible for this program, recipients' incomes must be below 50% of AMI. This program represents approximately 19 % of total NSP2 funds requested (\$26.2 million) and, as such, comes close to fulfilling the requirement for benefits to persons below 50% of AMI.

In addition, the City of Bend proposes to use \$2.25 million of NSP2 funds (which is 25% of the total amount requested by Central Oregon) to provide financial assistance and rental or home ownership opportunities to families below 50% of AMI. Washington County has requested approximately \$2.5 million in NSP2 funds for the acquisition and rehabilitation of seven foreclosed homes. Four of those homes are intended to be used as rental properties for tenants below 50% of AMI. The remaining three homes may also be sold to new homebuyers below 50% of AMI if they are homebuyers financed by Willamette West Habitat for Humanity. Finally, the City of Medford has requested \$1.5 million in NSP2 funds to acquire and redevelop a subdivision of foreclosed townhomes. The 81 townhomes are intended to provide rental and ownership opportunities to individuals and families below 50% of AMI.

Together, these proposals total approximately \$11.25 million (assuming all seven Washington County homes) or around 43% of the \$26.2 million requested by the Consortium, which exceeds the HUD requirement.

### *Factor 3d - Continued Affordability (5 points)*

The Consortium defines "affordable rents" as follows:

- For the required percentage of funds dedicated to assist individuals or families whose incomes do not exceed 50% of AMI, rents must be equal to or less than the Low Income Housing Tax Credit program rent level for 50% of area median income units. If the unit receives federal or state project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30% of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the federal or state project-based rental subsidy program.
- For all other rental units created under the NSP2 program, affordable rents will be the lesser of:
  - The applicable fair market rents for the area, less all utility costs paid by the tenants; or
  - 30% of the adjusted income of a family whose annual income equals 80% of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit or family size.

On a case-by-case basis, the Consortium may grant rent exceptions as necessary to assure long-term viability of rental housing projects as long as the rents meet NSP2 requirements.

The Consortium will apply a number of techniques to ensure that properties purchased and/or rehabilitated with NSP2 funds continue to be affordable for rental or ownership for persons with incomes below 120% or 50% of AMI, as applicable. These are techniques that are currently, and successfully, being used by Consortium members for NSP1 grant activities.

- Deed restrictions. Upon sale or transfer, the property must go to an eligible buyer (below 120% AMI or 50% of AMI, as applicable). The minimum terms for the deed restrictions vary among the different proposed programs, but would average around 20 years.
- Deeds with shared appreciation to encourage long-term home ownership.
- Land trust models keep housing costs low for 99 years and are typically renewable. The land trust owns the land and the homeowner owns the house. The homeowner leases the land from the land trust on a 99-year renewable lease. This subsidy retention method works on the premise that in

## Factor 3 - Soundness of Approach

exchange for public assistance in purchasing a house, a homebuyer agrees to limit the price at which the house will be resold later.

- Owners of rental units must certify that household tenants are at or below 50% of AMI at initial occupancy. Owners of rental units must verify annual income, and certify annually that they are serving low-income people during the period of affordability.
- Rental tenants must certify annually that they are below 50% AMI, where applicable.
- Shared appreciation mortgage with tiered equity for number of years, which ensures affordability for five years.
- Housing authorities own and manage rental units using housing vouchers.

All NSP2-assisted homebuyers will be required to take eight hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan. In addition, mortgage loans will only be accepted from lenders who agree to comply with the bank regulators' guidance for non-traditional loans.

All Consortium members, with the exception of the City of Salem, have adopted the HOME program standards and are therefore considered to be in compliance with the continued affordability requirements. The City of Salem intends to adopt HOME standards.

### *Factor 3e - Consultation, Outreach and Communications (5 points)*

Consortium members currently use the following techniques to reach qualified families and communicate with community members about the use of NSP1 programs. These same techniques will be used to conduct outreach for NSP2 funds received.

- Coordination and communication with regional advisors and local community-based organizations, other public agency service providers, and housing advocacy groups. This includes health and human service departments, land trusts, community development corporations, other local housing providers, and cultural associations.
- Informational materials are distributed via Consortium member offices, partnering organizations, and the other activities described above.
- Direct marketing to lenders and realtors.
- Regular presentations at housing forums, Regional Oregon Continuum of Care meetings, and state-wide conferences presented by Oregon Housing and Community Services.
- Regular communication to agency partners through newsletters.
- Published notices in local newspapers and up-to-date websites.
- Public hearings and meetings regarding program planning and funding.

The target areas have a tight network of affordable housing partners that put out regular newsletters. As such, using these techniques to reach target populations for NSP programs in the past has been successful. Because of the amount of outreach, programs tend to be over-subscribed, rather than under-utilized.

### *Factor 3f - Performance and Monitoring (10 points)*

Performance monitoring will be conducted by OHCS, the lead agency for the Consortium. The goal of the monitoring program is to encourage completion of activities within the contract period while ensuring that project objectives are met. Monitoring is an ongoing, two-way communication process between the Consortium and recipients, with Oregon Housing and Community Services performing the monitoring/auditing function. Successful monitoring involves frequent telephone contacts, written communications, analysis of reports and audits, and periodic meetings. Monitoring is the principal means by which the consortium will carry out its responsibility to review recipient performance in administering the grant project in compliance with state and federal regulations. Monitoring will also assure that federal funds

## Factor 3 - Soundness of Approach

are managed properly and are not wasted or used for fraudulent purposes. Monitoring will document the effectiveness of the NSP program administration.

On a quarterly basis, or more frequently when appropriate, OHCS staff will require reports from Consortium members related to NSP activities carried out for a specific period of time. The reports will include the type of NSP2-assisted activities; verification that program regulations, policies, and procedures were followed; and verification that checklists and proper documentation were maintained. OHCS will track potentially unstable program elements and continue regular communication with program managers to ensure that stability is restored and compliance with program requirements is maintained.

On a yearly basis, or more frequently if needed, OHCS will carry out an on-site visit of the current Consortium members. This site visit will include: file review to confirm proper documentation and back-up information is maintained; confirmation that staff is aware of and familiar with the policies and procedures of NSP; and a review of management practices and internal controls to determine proper and effective processes are in place. Furthermore, every recipient of funds from a Consortium member will be monitored formally at least once during the project period. Housing rehabilitation projects will always be monitored on-site. More than one on-site monitoring visit will be made if OHCS determines this is necessary. OHCS will use the following sources of information for conducting on-site and in-house desk reviews.

- Recipient files, including all project related correspondence;
- Grant contracts, including approved applications, project budgets and special conditions;
- Cash requests and periodic reports on the progress of the project;
- Recipient monitoring file including checklists, monitoring letters and letter closing monitoring findings;
- Financial files, including draw-downs; and
- Citizen complaint files.

Checklists will be updated occasionally to reflect new regulations or to streamline the monitoring process. Checklists will include but may not be limited to:

- Overall management and project progress;
- Eligibility and national objective;
- Financial management;
- Management of real property - capacity;
- Environmental procedures;
- Labor standards (if construction is involved);
- Employment practices;
- Action to affirmatively further fair housing;
- Program benefits;
- Housing rehabilitation program;
- Acquisition of real property;
- Relocation;
- One for one replacement housing; and
- Program income

OHCS will send a monitoring letter to the recipient with the results of the review. The monitoring letter and report will be mailed to the recipient 30 days after completion of the on-site or desk review. Those areas in which a recipient has done well will be noted. The letter will also describe monitoring findings or concerns and will include deadlines for a response to all findings. If there were findings, the recipient will have 30 days from the date of the monitoring letter to resolve the findings. Once the recipient resolves the findings, OHCS will mail out a Findings Cleared letter to the recipient.

## Factor 3 - Soundness of Approach

A finding will be made if the monitoring review shows that the recipient is not in compliance with federal laws and regulations or program or contract requirements. The letter will include specific actions the recipient must take to come into compliance. Failure to respond to the finding will result in sanctions.

The monitoring letter may identify a "concern" when there is no violation of federal law but where the Department believes a problem may be developing. The letter may include suggestions to prevent a noncompliance finding in the future. A recipient is not required to respond to items identified as "concerns" unless specifically requested.

OHCS will also be responsible for the internal audit requirement. As part of the Consortium agreement, each member has explicitly authorized OHCS to carry out this role. The NSP Program Analyst 4/Coordinator at OHCS will be responsible for the internal audit requirement. Responsibility may be designated from time-to-time to other OHCS staff qualified to perform and meet the internal audit requirements. As part of the internal auditing program, grant recipients must reflect in their records that the following internal controls have been established in their financial management systems:

- Budget controls;
- Regular financial reporting;
- Internal controls;
- Provision for checking allowable costs;
- Source documentation for all grant expenditures;
- Accountability for real and personal property;
- Cash management procedures;
- Proper administration of a revolving fund, where applicable; and
- Accountability for program income.

The recipients' financial system must generate regular reports that permit an observer to compare actual expenditures against those proposed by the Consortium at initial award. The financial system must account separately for grant funds, program income, and other contributions. The system will conform to Generally Accepted Accounting Principals (CAAP) for state and municipal corporations established by the National Committee on Governmental Accounting in a publication entitled *Governmental Accounting, Auditing and Financial Reporting* (GAAFR). At a minimum, the system will provide for adequate separation of duties so that no one person has authority over an entire financial transaction. One person will not have control of more than one of the following:

- Authorization to execute transactions;
- Recording the transaction; or
- Custody of the assets involved in the transaction.

Recipients must have policies and procedures in place identifying key personnel, specific roles and areas of responsibility, program operations and management. OHCS will review the policies and procedures on a regular basis, identifying potential risks; making recommendations to recipients to ensure adequate internal controls are in place for program implementation.

## Factor 4 – Leveraging, Integration, removal of negative effects

### Factor 4a - Leverage

Consortium members have secured funds, materials, and services to use the NSP2 funds being requested as effectively and efficiently as possible. Particularly at the state level, there will be significant leverage of state monies to augment and support NSP2 funds, which will serve very low-income residents.

**Table F4-1: Summary of Leverage Funds (Factor 4a)**

Consortium Member	Amount of Leverage Funds	Source of Leverage Funds	Amount of Requested Funds	Ratio of Funds
Oregon Housing and Community Services (OHCS)	\$100,000 per project; \$15 million	State	\$5,000,000	3.020*
City of Bend	\$750,000	City/Local	\$9,000,000	0.083
Clackamas County	\$234,000	State	\$3,400,000	0.0688
City of Medford	\$1,200,000	Local/non-profit	\$3,000,000	0.40
Washington County	\$19,500	Non-profit	\$3,210,529	0.006
City of Salem	NA	NA	\$250,000	0
Total Program Activities			\$23,860,529	
Additional administrative costs (10%)			\$2,386,053	
Total Requested			\$26,246,582	

*\*Note: This assumes just \$100,000 of funding for one project from the Housing Development Program. More than this is available, as discussed below, so this ratio is a conservative estimate.*

### State

Leverage funds being committed from the state through the Housing Development Program will be targeted at developing permanent housing for those who are homeless. The state has established a \$10 million dollar account and it makes the earned interest available for affordable housing development opportunities. Up to \$100,000 will be available per project for developing affordable housing for the homeless. OHCS will evaluate the sub-grantee's needs for additional state funds to complete the acquisition and redevelopment projects.

Starting in 2010, OHCS will administer the revenue fund from real estate transaction fees authorized by the 2009 Housing Opportunity Bill. This revenue will be used for creating affordable housing, funding programs for homeless persons, and building the capacity of organizations involved in affordable housing. Of the \$15 increase per transaction, 10% of the additional funds will be allocated to homeless programs and 75%-80% to affordable housing development (including housing for the homeless). The Housing Opportunity Bill is projected to generate \$15 million in the 2009-2011 biennium.

OHCS and the Oregon Department of Human Services (DHS) also are discussing an interagency agreement to collaborate on an initiative to create permanent housing for homeless persons who receive benefits from DHS. At the very least, those receiving benefits will have access to case management services through this

## **Factor 4 – Leveraging, Integration, removal of negative effects**

initiative. Since case management and services for homeless persons vary in degree and duration, DHS cannot state the precise amount per person, but it commits to provide such resources. DHS will be finalizing its budget for the biennium during the time that NSP2 will be implemented.

### **City of Bend**

The city of Bend will commit up to \$250,000 of Affordable Housing Fee Trust Funds annually for three years for this program.

### **Clackamas County**

The Clackamas County Weatherization Program will provide an energy audit with pre- and post-testing for all NSP2 properties. The estimated cost for this service is \$500 per home. Weatherization also will provide labor and materials for the six acquisition/rehab homes at a maximum cost of \$9,000 per qualified home. This work will include 100% of cost-effective repairs/replacements for energy-related repairs such as plumbing and electrical, water heater repair/replacement, furnace repair/replacement, and 100% of cost-effective refrigerator replacement (Energy Star or equivalent). The total funding is \$69,000 and will come from a variety of non-federal sources which are all administered and allocated by the state.

The Edwards Center, a non-profit organization that provides housing and services to individuals with developmental disabilities, will provide operating funds for a five-bedroom group home. Funds come from federal and state Medicaid reimbursement payments. The Edwards Center estimates that the operating costs are approximately \$27,500 per month, with half of these funds coming from state sources. Total funds leveraged from this source would be \$165,000.

### **City of Medford**

The Housing Authority of Jackson County proposes to use NSP2 funds to purchase foreclosed property in the targeted census tracts of Jackson County in order to develop affordable housing. The Authority does not expect the requested NSP2 funds to cover all the cost of purchasing the property, however, and commits to covering up to 50% of the remaining cost. This funding would come from a loan. Once the land is purchased, Low Income Housing Tax Credits, State of Oregon Grants and Tax Credits, and a permanent loan will be used to build housing.

This housing would be a set of rental units that will be kept affordable for the life of the buildings (roughly 60 years) for those earning 50% of the area median income or less. There is high vacancy in market rate housing in Jackson County but very low vacancy in the county's affordable housing market; the vacancy rate in the Authority's 1,022 units is less than 4%. The Authority builds units comparable to market units and then rents them at discounted rates. Services are offered in these developments in addition to housing.

### **Washington County**

Willamette West Habitat for Humanity will pool contributions of approximately \$65,800 in donated materials and services, volunteer labor, and mortgage interest fee waivers to support programs that Washington County is proposing for NSP2 funding. Of those contributions, \$6,500 of donated services and materials per home qualifies as leverage for NSP2 funding. For the three homes that the county plans to rehabilitate in partnership with Willamette West Habitat for Humanity, that yields about \$19,500 in leveraged funds.

## Factor 4 – Leveraging, Integration, removal of negative effects

### Factor 4b - Removal of Destabilizing Elements

Consortium members will provide significant stabilization of neighborhoods by acquiring and rehabilitating a number of vacant properties in the target areas using NSP2 funds. These numbers, as well as the Rubric Score specified in Appendix 3 of the NoFA, are presented below in Table F4-2.

**Table F4-2: Vacant Properties to be Acquired and Rehabilitated (Factor 4b)**

Consortium Member	A: Number of Properties to be Acquired and Rehabilitated	B: Number of Vacant Properties in Target Areas*	Rubric Score (1.5 x A) / B
City of Bend (for Central Oregon counties)	50-75	1,598	-
Clackamas County	6	396	-
Jackson County	5	723	-
Marion County	5	36	-
Washington County	7	826	-
<b>TOTAL</b>	<b>73-98</b>	<b>3,579</b>	<b>0.031-0.041</b>

*\*Source: HUD Aggregated US Postal Service Administrative Data (March 2009); data for vacant residential, business, and “other” properties are reported by Census Tract in time periods of 3 months or less, 3-6 months, 6-12 months, 12-24 months, 24-36 months, and 36 months or longer, and are aggregated in this table by county.*

## Factor 5 - Energy Efficiency & Sustainable Development

### *Factor 5a - Transit Accessibility (4 points)*

Approximately half of the targeted census tracts have some form of transit access, with varying levels of service. Six of the targeted census tracts are transit accessible according to the definition provided, including all four of the targeted tracts in Washington County plus two targeted tracts located in Oregon City, Clackamas County. All six are served by convenient bus service, with at least one bus line providing service every 20 minutes during rush hour. In addition to convenient bus service, three of the targeted tracts in Washington County have, or border a census tract with, a light rail station. The other census tracts have less frequent bus service and/or dial-a-ride options, but do not meet the definition of “convenient” bus service.

Thirteen targeted census tracts have access to regional employment centers within walking or biking distance (less than two miles), so residents of these tracts can access employment opportunities without needing to use a car. These include tracts surrounding downtown Bend and Redmond in Deschutes County, two neighborhoods near downtown Medford in Jackson County, and some of the tracts in Washington and Clackamas County.

### *Factor 5b - Green Building Standards (3 points)*

As is the current practice of Consortium members, all NSP2 projects involving new construction or rehabilitation of an existing home will comply with applicable laws, building and development codes, and other requirements relating to housing safety, quality, and livability. In addition, Consortium members will require green building standards for the majority of new construction, although the standards vary from county to county. For example, new construction activities in Jackson County will be required to meet one of three standards: Enterprise Green Communities<sup>8</sup>, Earth Advantage Homes<sup>9</sup>, or LEED for New Construction or Homes<sup>10</sup>.

In Marion County and the Central Oregon counties, all new construction will be required to meet the Energy Star for New Homes standard. In Washington County, while Energy Star standards are not specifically required, energy efficiency in new homes is encouraged. Washington County will also use the state’s Green Building Checklist<sup>11</sup> in order to incorporate green building practices into all NSP2 activities.

In Clackamas County, all substantial and moderate rehabilitation projects will be required to meet Energy Star standards, and encouraged to exceed the standards. In addition, all NSP2 rehabilitation projects will be required to meet or exceed the Green Communities Criteria standard and all items listed on the Green Communities Checklist will be required for both substantial and moderate rehabilitations. Finally, the Enterprise Community Partners Green Single Family Rehabilitation Specifications 2008<sup>12</sup> will be used to obtain bids on each NSP2 project.

All Consortium members will require Energy Star products and appliances for small and moderate rehabilitation projects and energy retrofit projects.

Furthermore, OHCS promotes green building practices in all its programs and activities. The agency established a Green Building Task Force to explore opportunities for implementing green building practices, build awareness through regional workshops, and create a Green Building Source Guide<sup>13</sup>. OHCS has undertaken a number of green building activities in recent years, including the following:

---

<sup>8</sup> Enterprise Green Communities website: <http://www.greencommunitiesonline.org/>

<sup>9</sup> Earth Advantage Homes website: <http://www.earthadvantage.com/>

<sup>10</sup> LEED for Homes website: <http://www.usgbc.org/DisplayPage.aspx?CMSPageID=147>

<sup>11</sup> Oregon’s Green Building Checklist: <http://www.oregon.gov/OHCS/DO/docs/gbchecklist.pdf>

<sup>12</sup> Enterprise Community Partners:

[http://www.greencommunitiesonline.org/tools/resources/green\\_rehab\\_specs\\_qci\\_2008\\_criteria\\_final.pdf](http://www.greencommunitiesonline.org/tools/resources/green_rehab_specs_qci_2008_criteria_final.pdf)

<sup>13</sup> OHCS Green Building Source Guide: <http://www.oregon.gov/OHCS/DO/docs/gbsourceguide.pdf>

## **Factor 5 - Energy Efficiency & Sustainable Development**

- Expanding the use of Business Energy Tax Credit (BETC) program through third party buyer agreements for non-profit partners, allowing more non-profits to take advantage of the tax incentives for energy efficiency.
- Encouraging recycling and reuse of construction materials in projects underwritten by multi-family loans, grants or credits. In future funding cycles, OHCS will be strengthening the Consolidated Funding Cycle process to educate and further encourage the use of recycled construction materials.
- OHCS, together with the Oregon Department of Energy and the Energy Trust, is developing a plan to bundle energy efficient appliances and other building components into designated packages. The packages will be reviewed for their projected energy savings, and will have pre-approval to qualify for BETC, Energy Trust Conservation Funds, and state weatherization funds.

### ***Factor 5c - Re-use of Cleared Sites***

### ***Factor 5d - Deconstruction***

Consortium members are not proposing any demolition activities as part of the NSP2 grant. Therefore, Factors 5c and 5d are not applicable.

### ***Factor 5e - Sustainable Development Practices (1 point)***

As mentioned previously, land use planning in Oregon is organized around 19 Statewide Planning Goals that are implemented through county and city comprehensive plans and development codes. A number of the statewide goals inherently promote sustainable development practices:

- Goal 5 protects natural resources and open spaces.
- Goal 6 focuses on protecting the quality of air, water and land resources in the state.
- Goal 12 requires cities and counties to take specific steps to plan transportation systems that provide multi-modal transportation choices.
- Goal 13 requires that land and uses developed on the land be managed and controlled so as to maximize energy conservation.
- Goal 14 provides for an orderly and efficient transition from rural to urban land uses to ensure efficient use of land, and to provide for livable communities.

Because the statewide goals must be implemented through comprehensive planning and, ultimately, development and building codes, the Consortium has a strong foundation for requiring sustainable development practices. While specific development requirements may vary among development codes in Consortium members' local jurisdictions, there is an overall emphasis on water conservation, energy efficiency, bicycle and pedestrian connections, transit options, sustainable landscaping through the use of native vegetation, erosion control, passive solar heating, and natural day-lighting in these communities. These sustainable development practices will apply to all NSP2 activities that are implemented by the Consortium.

## Factor 6 - Neighborhood Transformation and Economic Opportunity

### Factor 6 - Neighborhood Transformation & Economic Opportunity (5 points)

Since 1973, the state of Oregon has maintained a strong statewide program for land use planning, founded on a set of 19 Statewide Planning Goals<sup>14</sup>. The goals express the state's policies on land use and related topics, such as citizen involvement, housing, and natural resources. State law requires each city and county to adopt a comprehensive plan and the zoning and land-division ordinances needed to put the plan into effect. These plans and ordinances must be consistent with the statewide goals.

Goal 9 - Economic Development and Goal 10 - Housing, are particularly relevant to the proposed NSP2 activities in the following ways:

- The intent of Goal 9 is to “provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens.”
- Goal 9 requires communities to identify future employment opportunities, assess the supply of land and associated public services available to meet employment needs, and formulate goals, policies and implementation strategies to meet future employment needs.
- The overall objective of Goal 10 is to provide adequate and affordable housing for the citizens of Oregon. The goal requires jurisdictions to maintain an inventory of buildable lands for housing and plan for a variety of housing types at prices consistent with the financial capabilities of households.
- Goal 10 also requires comprehensive plans to include a determination of vacancy rates, expected housing demand at varying price levels, and an inventory of land available and zoned to meet future housing needs.

In addition, OHCS maintains an up-to-date strategic plan<sup>15</sup> to implement their overall mission of “enabling Oregonians to gain housing, become self-sufficient, and achieve prosperity”. The strategic plan contains the following long-term goal statements:

- Secure an end to hunger and homelessness in Oregon
- Ensure an ongoing inventory of affordable housing that meets community needs
- Ensure partners have sufficient capacity to use OHCS resources effectively

Furthermore, each Consortium member has county and city comprehensive plans that contain policies intended to implement Goals 9 and 10. While language varies somewhat from jurisdiction to jurisdiction, the overall intent of the comprehensive plan policies is very similar. A representative example of policy language from Consortium members' comprehensive plans is provided below.

(From the Clackamas County Comprehensive Plan)

#### **Affordable Housing<sup>16</sup>**

*2.0 Encourage development of affordable housing (including public subsidized housing) to produce a range of housing prices and rent ranges commensurate with the range of the County's household incomes.*

*2.1 Encourage low and moderate income housing with good access to employment opportunities.*

*2.3 Support the regional Housing Opportunity Plan (HOP), the County's Community Development Block Grant program, and the County's Public Housing Program as a means to provide more low and moderate income housing.*

*2.4 Pursue subsidies to provide affordable housing for low and moderate income households including the elderly and the handicapped.*

<sup>14</sup> Statewide land use planning goals for Oregon can be found at: <http://www.lcd.state.or.us/LCD/goals.shtml>

<sup>15</sup> OHCS Strategic Plan is available at:

[http://www.ohcs.oregon.gov/OHCS/DO\\_StrategicPlanning.shtml#07\\_09\\_Strategic\\_Plan](http://www.ohcs.oregon.gov/OHCS/DO_StrategicPlanning.shtml#07_09_Strategic_Plan)

<sup>16</sup> Clackamas County Comprehensive Plan is available at: <http://www.clackamas.us/transportation/planning/comprehensive/>

## Factor 6 - Neighborhood Transformation and Economic Opportunity

### **Neighborhood Quality**

*3.0 Provide for a variety of housing opportunities that are complimentary or compatible with existing neighborhoods.*

*3.1 Encourage the maintenance or upgrading of existing neighborhoods.*

*3.2 Protect the quality, life-style and values of existing neighborhoods.*

*3.3 Discourage the demolition of housing which can be economically renovated in residential areas.*

Most Consortium members also have recently updated consolidated plans for community development and housing that describe in more detail the housing needs of the community and establish priorities for how funding will be allocated to housing and community development activities. Language varies among the different plans, but the goals and objectives are generally comparable with each other. Examples follow.

(From the City of Medford Consolidated Plan<sup>17</sup>)

#### **Goals:**

**GOAL 1: INCREASE THE AFFORDABILITY OF HOUSING FOR THE CITY'S LOWER-INCOME WORKFORCE AND SPECIAL NEEDS HOUSEHOLDS**

*STRATEGY 1-1. Improve the quality and long-term affordability of existing rental and/or homeowner housing occupied by lower-income households.*

*STRATEGY 1-2. Increase the supply of affordable, safe and decent rental and/or homeowner housing for lower-income households.*

*STRATEGY 1-3. Reduce barriers to affordable housing by developing a Housing Affordability Plan for Medford, which will include planning for alternative modes of transportation and connectivity with public transportation.*

*STRATEGY 1-4. Expand homeownership opportunities for lower-income households.*

*STRATEGY 1-5. Affirmatively further Fair Housing choices.*

**GOAL 2: IMPROVE THE QUALITY OF LIFE OF LOWER-INCOME RESIDENTS THROUGH NEIGHBORHOOD REVITALIZATION**

*STRATEGY 2-1. Preserve and restore existing housing resources in key neighborhoods.*

*STRATEGY 2-2. Build community through strengthened Neighborhood Councils.*

*STRATEGY 2-3. Improve the community infrastructure of predominately lower income neighborhoods.*

**GOAL 3: IMPROVE THE ABILITY OF LOWER-INCOME HOUSEHOLDS TO BECOME SELF-SUSTAINING**

*STRATEGY 3-1. Pursue strategies to improve opportunities of lower-income households to obtain and retain family wage employment.*

*STRATEGY 3-2. Assist public services agencies to provide safety net services to persons in need.*

*STRATEGY 3-3. Provide opportunities for homeless persons and those at risk of becoming homeless to achieve self-sufficiency.*

As demonstrated in the examples above, the proposed NSP2 activities directly relate to, and support, established policies of the Consortium members to provide affordable housing opportunities and encourage neighborhood revitalization.

---

<sup>17</sup> Medford Consolidated Plan is available at:

<http://www.ci.medford.or.us/Files/Action%20Plan%20Narrative%20Amended2007.pdf>

## V. Disclosures

[Placeholder]

The following forms will be included in a final draft of the application to be submitted to HUD.

- SF-LLL, Disclosure of Lobbying Activities (as applicable)
- HUD-2880, Applicant/Recipient Disclosure/Update Report

# Appendices

Appendix A: List of Target Census Tracts

Appendix B: Code of Conduct

Appendix C: Leveraging Documentation

Appendix D: Signed Certifications

Appendix E: Calculation of Removal of Negative Effects

Appendix F: Summary of Citizen Comments

## Appendix A: List of Target Census Tracts

Census Tract Number	County	Foreclosure Needs Score	Foreclosure with Vacancy Risk Score	Higher Score
Census Tract 225	Clackamas	16	16	16
Census Tract 226.01	Clackamas	18	10	18
Census Tract 234.02	Clackamas	18	10	18
Census Tract 239	Clackamas	18	7	18
Census Tract 242	Clackamas	12	18	18
Census Tract 9501	Crook	18	14	18
Census Tract 9503	Crook	16	18	18
Census Tract 9903	Deschutes	18	1	18
Census Tract 9904	Deschutes	20	3	20
Census Tract 9905	Deschutes	20	20	20
Census Tract 9906	Deschutes	18	1	18
Census Tract 9907	Deschutes	18	4	18
Census Tract 9908	Deschutes	19	6	19
Census Tract 9909	Deschutes	18	11	18
Census Tract 9910	Deschutes	18	10	18
Census Tract 9911	Deschutes	20	1	20
Census Tract 9912.01	Deschutes	20	10	20
Census Tract 9912.02	Deschutes	18	1	18
Census Tract 9913	Deschutes	19	17	19
Census Tract 9914	Deschutes	17	16	17
Census Tract 9915	Deschutes	17	17	17
Census Tract 9916	Deschutes	16	14	16
Census Tract 9917.01	Deschutes	19	14	19
Census Tract 9917.02	Deschutes	17	11	17
Census Tract 9918	Deschutes	19	10	19
Census Tract 9919	Deschutes	19	16	19
Census Tract 9920	Deschutes	20	17	20
Census Tract 2.02	Jackson	11	17	17
Census Tract 4.01	Jackson	17	17	17
Census Tract 4.02	Jackson	18	15	18
Census Tract 7	Jackson	18	14	18
Census Tract 10	Jackson	19	15	19
Census Tract 13.02	Jackson	17	14	17
Census Tract 14	Jackson	19	1	19
Census Tract 9602	Jefferson	18	16	18
Census Tract 9603	Jefferson	18	3	18
Census Tract 23.02	Marion	17	10	17
Census Tract 301	Washington	10	18	18
Census Tract 316.05	Washington	17	11	17
Census Tract 321.03	Washington	16	1	16
Census Tract 325	Washington	16	15	16
	<b>AVERAGE</b>	<b>17</b>	<b>11</b>	<b>18</b>

*Note: The two foreclosure-related scores presented here are prepared by HUD, ranking need from 1 to 20 at the Census Tract level, with 20 being the greatest need. Prepared scores as well as data and instructions for calculating the scores are provided on HUD's website at <http://www.hud.gov/nsp>.*

## Appendix B: Codes of Conduct

[Placeholder]

## **Appendix C: Leveraging Documentation (Commitment Letters)**

[Placeholder]

## Appendix D: Signed Certifications

[Placeholder]

## Appendix E: Calculation of Removal of Negative Effects

[Placeholder]

## Appendix F: Definitions

[Placeholder]

## Appendix G: Summary of Citizen Comments

[Placeholder]