

**Pendleton Solutions**  
**January 13, 2010**

Draft Meeting Summary and Next Steps

*Team Members in attendance:* John Turner (convener), Tracy Hamby, Larry Dalrymple, Bill Clemens, Evan MacKenzie, Susan Bower, Susan Badger-Jones, Tyson Furstenberg, Jim Whitney, Stephanie Seamans, Jef Farley, Bruce Buchanan, Grant Young, Mary Liberty-Traugher, Loren Schmucker, Tracy Bosen, Randy Thomas, and Kim Travis

Interested parties: Leslie Carnes and Fred Bradbury

*Restating the purpose of this process:*

Oregon Solutions is working in Pendleton to establish a “City Solutions” pilot program to tackle various community issues. The Progress Board identified housing as a key area of concern for the community and one that RCDC has been working on. Last month at City Council, the Mayor and Council officially designated this effort as City Solutions and appointed a neutral convener, John Turner to bring together various parties to find solutions to the workforce-housing problem. Oregon Solutions will be providing staff support to this effort through June 2011.

*Goals of this process:*

- (1) Short term: Multifamily dwellings on Tutuilla Road
- (2) Mid-term: Executive level single-family homes
- (3) Long-term: Consider the Urban Growth Boundary and if there is a need to expand

*Meeting and Discussion:*

Jef Farley, Evan MacKenzie and Jim Whitney shared a “virtual tour” of developable lots for sale in Pendleton. There are limited opportunities for single family homes in Pendleton. Sunridge Estates has approximately 50 lots between \$40K-\$95K, for homes to be built at costs between \$175,000--\$300,000. There are around 10 lots for sale scattered through town, but they are mostly sloped and the cost per lot varies. The third opportunity is with Overlook Terrace. There are about 15 lots for placement of manufactured homes with total costs around \$120,000.

There are many barriers for the development of Single Family Homes:

- ❑ Roughly half of the lots for sale will NEVER be developed due to high pre-development costs such as slope, flood plain or poor location.
- ❑ Majority of developable land in UGB is not currently for sale
- ❑ Lack of “spec” homes limits new home sales to buyers with their own construction financing.

Potential solutions to these barriers include:

- ❑ Find builders for the developable lots and work out deals to build now
- ❑ Zoning changes resulting removing undevelopable land from the inventory:

- ❑ Consider creating a new residential zone below R1 for (large lots) land that is too steep for development
- ❑ Create a Public Facilities zone for schools, parks, etc.
- ❑ Develop a strategy for working with unwilling sellers

Several team members had conversations with developers about the Tutuilla Road RFP. Susan Bower kicked off this discussion by reporting on her interviews with three developers. All three of the developers expressed that the RFP did not peak their interest enough to contact the City to take the next step. Comments from developers included:

- New infrastructure costs high
- Market rate development for this piece of property is not possible
- Restriction of non-subsidy housing was too restrictive and limits possible funding opportunities
- Nothing spectacular about the property (view, location, surroundings, convenience)
- Not enough information regarding the community...developer is looking for the big picture
- Not enough information about what is “sweet” about the opportunity (i.e, city/private partnership, cost sharing, etc)

Susan also said that developers suggested the use of a RFQ process in order to explore whether a relationship would be viable for both the developer and the city. Tyson Furstenberg also had conversations with developers and heard much of the same information. An additional comment is that a deed of trust from the city would provide security and collateral for the project. He suggested that the City get a list of potential developers and schedule a pre-proposal meeting. Susan Badger-Jones spoke with Doug Chrisman of Coleman and Chrisman out of Enterprise. He said there are special challenges for workforce category of housing because the tax benefits and rural dollars for that category are for low income. The programs they have accessed in the past to make projects viable include:

- Sect 42 tax credits,
- Tax exempt bond financing direct with the state or conduit lenders
- Home improvement sections 8 (HUD) and 515 (rural housing)

Nearly every project has had a different financing structure. Chrisman believes that the best shot for Pendleton was to upgrade/rehab existing inferior housing.

Renee Rooker with the Walla Walla Housing Authority presented information to the Pendleton Progress Board. Bill Clemens has worked with the entity on many projects including mixed-income housing projects. Bill said that Renee is interested in meeting with Mayor Houk and Larry Lehman to further discuss Pendleton’s needs and if the Walla Walla Housing Authority could play a role. Bruce Buchanan suggested that the City also talk with the Umatilla Housing Authority – Stan Stradley.

There are several data collection activities in the works. Susan Bower contacted the top 10 employers in the community, representing 1647 employees and 36% of their employees commute to Pendleton. These employers stated that there are at least 345 new jobs planned over the next 3-5 years. Susan provided additional comments from the interviews including the need for housing at all levels. Stephanie Seamans told the group about working with Evan, Mary Liberty-Traughber to finalize the survey and distribute it to employees. Between the hospital, Cayuse Technologies and Keystone RV there are already over 100 surveys to analyze. Kim is working with an intern at PSU to provide the data analysis.

Tracy Hamby initiated the discussion about addressing the financing problem. The basic issues at hand are:

- Parameters set by Regulators
- Identifying a borrower
- Bridging equity
- Need a “comp” for assessing value

One potential solution for overcoming the equity barrier is by using the **Deed of Trust** from the City. As the bank will only loan 60%-70% of the funds for a project, the remaining money needs to be in a down payment of in government subsidies. He said you need to build partnerships that allow for the greatest security. The construction phase is the most risky phase and a partnership can help mitigate that risk. Jim Whitney offered a solution to overcome the comp barrier - build the multi-family units and sell them on a contract for one to two years. Then after that period, the buyer on the contract refinances and this provides the comp sales needed for assessors.

Larry Dalrymple initiated the discussion about marketing opportunities. Larry, Stephanie Seamans and Leslie Carnes met to discuss the need for a new brochure targeted for developers. Their conclusion is that many brochures already exist and it is premature to develop a new brochure without having all the information such as the data from the employee survey. There is also a new website created in collaboration with the Tribe, Chamber of Commerce, Pendleton Development Commission, and RCDC. The site is [www.pendletonbusiness.com](http://www.pendletonbusiness.com) and nearly completed. There could be a place within the site developed specifically for housing and attracting developers. The most important aspect of reaching out to developers is one-to-one contact and demonstrating that Pendleton is pro-development, looking to expand.

*Tasks:*

- (1) Meeting with lenders and government programs. *What are the possibilities for using public and private funds for Tutuilla?*--Kim
- (2) Meeting with Larry Lehman, Bill Clemens and Renee to discuss *mixed-income projects*.—Bill Clemens
- (3) Outreach to *Umatilla Housing Authority* – Larry Dalrymple
- (4) Research on using *bonds and tax credits*—Larry Dalrymple and Kim
- (5) Strategy meeting about *contacting key property owners*—Kim

Kim will send out information for the next meeting. Please hold your calendar for February 9.