Members Attending: Fred Bell, Tom Davis, Cristina Gregorio, Toni Lawrence, Dick Oliphant, Jerry Patton, Don Perry, Mary Roche, Kate Spates, Carolyn Stark, Kate Spates, Lisa Vossler Smith, Steve Weiss

Minutes for LYCEUM meeting on April 1, 2010

1. Housing:

Carolyn reminded everyone that Lyceum meetings are always held on the first Thursday of the month. She thanked Dick Oliphant, Fred Bell, Chauncey Veatch and Tom Davis for helping outline the Lyceum’s plan of action for the year. She said that at the last meeting Aurora Wilson and Eduardo Garcia brought up an excellent point - the group needs to evaluate how our quality of life is being impacted by the economic downturn and then figure out what we need to do to preserve it when it’s being challenged. As a result of that point, we will be analyzing our basic necessities: public safety, housing, public safety, education, environment (physical as well as cultural) and healthcare.

Carolyn said that Fred Bell, Tom Davis and Dick Oliphant, who are all involved with the Coachella Valley Housing Trust, would provide an update on the current housing situation. Tom Davis stated that the Housing Trust came about during a time when there was a housing affordability crisis. The idea was to create a program that would provide people who had the income with the right tools and the knowledge on how to purchase a home. Tom stated that they did an internal survey on how satisfied their workforce was with their current housing situation. They found that about 60 percent were satisfied but there was still an unmet demand. Richard Milanovich then spoke with John Wohlmuth, who was the Executive Director of CVAG at that time, about holding the first housing summit. The first housing summit took place a couple of years ago, it was then determined that the Trust would not work under CVAG and that it would have to work as a private and public entity. As they recruited different leadership for this initiative the housing bubble burst. They found that the affordability crisis was no longer an issue; however, there was still a need for a clearing house that could provide information on affordable housing programs and financing.

Fred Bell stated cities still have a mission to deliver affordable housing and this is currently very challenged. Dick Oliphant stated affordable housing is mandated by the state; otherwise, noncompliant cities do not receive funding. The purpose of the Trust is to deliver education and serve as a financing resource for both the buyer and bank. He said that cities can only spend money in affordable housing within their boundaries. Initially, the cities were concerned that the trust would make them lose control of their funds. However, one of the mandates of the Trust is that it cannot go after money that cities already have. Instead it’s role is to provide additional services and add value by serving as an educational and funding source. Fred stated that the Trust is working hard to figure out how to take advantage of funding sources as a region.
Fred stated that the current market dynamics show we are front loaded with five years of inventory based on the artificial financing that took place. The reality is that we went from a normal market of about 2500 permits per year to 8500 -9000 permits for new homes a year in the region. Dick stated that for a period of time when people bought a home they needed to wait 9 months for delivery. Fred said the first round of bad loans are already gone but there are still jumbo loans that we won’t see fail until maybe 2012. People with these types of loans are stuck with houses they purchased for $400,000 that are now worth $200,000. In many cases people are just walking away and cities are getting stuck with the inventory. Fred stated that the worst is not over, it will not get better until after 2012. The challenge is that a lot of banks have not recognized how much bad debt they’re holding.

Carolyn stated there are stories in the LATimes about the negative impacts caused on communities when large companies came in and built large track homes. Many neighborhoods are now filled with foreclosures and are having issues with crime and gangs. She asked Fred if there are any neighborhoods in the valley having these problems and if so, how do they impact our quality of place. Fred stated that he doesn’t think we have that kind of problem because we have a large retirement population. He mentioned that Indio, Coachella and Desert Hot Springs are having issues but not in the same capacity as Lancaster or Hemet. Cristina Gregorio stated that in her community in Indio there are many foreclosures which have increased the crime activity and increase their community association fees. Carolyn stated that it is important to look at the cities having these issues because they do affect our quality of life. Jerry Patton asked Fred what the Trust is doing to find revenue streams. Fred stated that the idea at this point is to work with the county to work on a regional plan that includes a new funding stream. They are ahead of the county in the sense that they formed a Trust already. They have hired Christine Iger on a part-time basis to assist and they are forming a finance committee who will deal with the funding issue.

Lisa Vossler Smith asked how commercial real estate is doing. Dick stated that the first issue with real estate is that banks are holding inventory on the books right now. The other issue is that banks are being forced to reappraise their property and the new assessed value is low and leaves very little equity. Basically, government regulators are forcing foreclosures on performing mortgages because they are trying to force the market to level off in order to get a true value reading.

Carolyn asked Fred and Dick to summarize the key points that we need to carry forward to next month’s meeting. Fred stated that in terms of residential housing we need to think about what does the leveling of the market look like? How can we maintain our quality of life with the current situation? How do we position our communities so that the properties truly have value and equity? He stated that wealth creation is the best way to solve a lot of the social problems.
Steve asked if there is any possibility to develop a nonprofit trust that can buy up some of these excess properties. Carolyn stated that she thought that was a role that the Trust could serve. Steve stated asked if there is any way to generate capital to buy these and then maybe these units can be used for affordable housing which then eventually become a profit generator. Fred stated that you have to find the right funding and then help a third party facilitate this.

Carolyn asked Fred if it was possible to have data on homelessness in the desert for the next meeting. Carolyn stated that she took the CV Leadership Tour in Thermal and Mecca and that it was very insightful. Fred stated that it would be good for the Lyceum group to take this tour. He said that many people have no idea what living conditions were in that part of the valley. He said he saw people living in garages with makeshift bathrooms. The group agreed that the Lyceum group should take a tour of the East Valley. Don Perry said that it would be good for all of the general managers of the news station to be invited. Kate Spates stated that she would try to get Sunline to help with transportation. Lisa said she would arrange to have the Coachella Valley Rescue Mission give us a tour as well.