

MINUTES
Board of Directors Meeting • July 16, 2004
Offices of Riddell Williams Law Firm
Seattle, Washington

ATTENDANCE

Members present: Dixie Kracht, co-chair; board members: Gloria Burton, Guillermo Castaneda, Lupe Gamboa, Mike Gempler, Billie Heath, Alicia McRae, Erik Nicholson, John Smith, and Mike Youngquist. Board member(s) absent: Juan Aguilar, co-chair; Pete Garza, Frank Ochoa, Mario Villanueva, Thomas Villanueva, Heyward Watson. Other attending: Hector Gutierrez for Mario Villanueva, and Brien Thane, Office of Rural and Farmworker Housing; Staff present: Tom Byers, Cedar River Group.

WELCOME AND INTRODUCTIONS

Co-chair Dixie Kracht brought the meeting to order at 10:40 a.m.

APPROVAL OF THE MINUTES

Dixie Kracht opened the meeting by asking everyone to review the Minutes of the May 26, 2004 meeting. Guillermo Castaneda moved acceptance of the Minutes, seconded by Mike Gempler. The motion passed unanimously.

OLD BUSINESS

EXECUTIVE COMMITTEE REPORT

Dixie Kracht asked Tom Byers for an update on three administrative matters.

- IRS ruling on tax-exempt status. Tom distributed copies of the letter from the IRS notifying us that the Trust has been found to be a tax-exempt charitable organization. The ruling is conditional for a five year period. During that period, the organization must develop a sufficiently broad base of funding to meet the public support requirements of a 501©3. The Board members expressed thanks to Bob Kaplan, our attorney, for his diligent actions in securing this approval.
- Director's liability insurance. Tom reported that Kristi Buck of the Cedar River Group is in the midst of getting prices for this coverage, He expects to have a recommendation at the next meeting of the Board. Billie Heath observed that obtaining this type of insurance for a new non-profit was sometimes difficult. She offered to help CRG in the search.
- Official mailing address. Juan Aguilar had asked Tom to raise the question of whether the Board would feel more comfortable with a post office box as the official mailing address of the Trust as opposed to using the Cedar River Group's address. The Board decided by consensus that it was not necessary at this time.

FISCAL AGENT REPORT

Dixie asked Brien Thane for a budget report. Brien then distributed a budget summary. He noted that we are now 58% of the way through the year and have expended 38% of our budget, leaving a balance of \$111,437. He also pointed out that expenditures by the Cedar River Group are slightly ahead of schedule at 65% of the amount budgeted, but that with the low billings anticipated for June (due to Tom's vacation) he expected the next report to show CRG to be right on target.

Members of the Board sought clarification regarding the organization's fiscal year. Brien responded that it is a matter of some confusion, since ORFH's fiscal year and the federal fiscal year do not coincide, and the expenditure of the federal appropriation was approved on yet another date. For all practical purposes, the Trust's budget is currently set to run from November 2003 through October of this year, however the federal funding can be used for a three year period if necessary.

Tom then reminded the Board members that Senator Murray is working to secure an appropriation for FFY 2005 to continue the work of the Trust. If that appropriation goes through, the balance the Trust has been reserving could potentially be freed up to provide seed funding for the farmworker survey or other Trust activities. Dixie added that we might be able to get a better picture of the likelihood of that appropriation if Mary McBride is able to make it later in the day.

HUD DDA DESIGNATION ISSUE

Dixie asked Gloria Burton and Tom Byers to report on the progress of the Trust's efforts to change the HUD DDA designations. Gloria and Tom called the Board's attention to copies of recent correspondence with HUD officials regarding the issue (*items 3 and 4 in Board packet*). Gloria noted that the letter from the undersecretary of HUD was very disappointing and unresponsive to our concerns. She also reported that the impact of the changes in the DDA designations had had a significant impact on the amount of farmworker housing funded by the State Housing Finance Commission during the most recent round: only two farmworker housing projects were funded, with a total of 75 units. This compares to more than 200 units funded during the previous round. In addition, the two projects which were funded both had to rely more heavily on the State Housing Trust Fund than they would have if they had had DDA designations, placing added stress on the State fund.

Brien Thane observed that the State Housing Finance Commission is doing everything it can to adjust its own formulas to minimize the damage to rural housing projects, but there is only so much they can do. He pointed out that the current problem is ironic because the federal low-income housing tax credits are allocated by state without regard to the DDA designations, so no other states really gain tax credits by this action. What the changes in designation really do is make it easier for projects in the designated counties to "pencil out" because the value of the tax credits is increased for projects in those areas.

An in-depth discussion followed in which Board members made the following points:

- Brien Thane pointed out that the letter from HUD contains two major errors in reasoning which need to be corrected on the record. The letter states that our proposed solution---designating eligible populations as well as areas---is unworkable because it "would require that owners rent exclusively to members of that group" (farmworkers); and because "providing incentives for landlords to rent to specific demographic groups would run afoul of Fair Housing laws and could distract from the primary goal of this program, which is to increase the supply of low-income housing". Brien pointed out that virtually all federal housing programs are aimed at specific demographic groups, such as homeless individuals or disabled individuals, or individuals below a certain income level, and landlords routinely comply with those restrictions. Nor are those programs deemed to "run afoul of Fair Housing laws".

- John Smith agreed with Brien and said that the Board should not let those errors stand, but should put our objections on the record when we respond to HUD.
- Dixie Kracht, Mike Gempler and Lupe Gamboa raised the issue of who is benefiting from the changes, and what other state may be suffering from similar losses in designated areas. After much discussion, it was determined that Louisiana also experienced significant losses, while it is unclear where the gains were felt. Brien again reminded the group that the gains experienced in other states are somewhat misleading because the amounts available under the tax credit program for each state are set independently. Therefore, other states may have gained the ability to create financially viable projects in more of their counties, but they did not gain actual dollars.
- John Smith and Mike Youngquist were asked what impact they expected to see in Skagit County, since it is one of the very few Washington counties that will remain a DDA. John said that it would not affect their projects since they had already had the status, but that it might encourage more developers to try to initiate projects there. He doubts that it will increase the actual production of farmworker housing, however, because the chief problem at present is the difficulty in finding acceptable building sites.
- Guillermo Castaneda stated strongly that he felt it was time for the Trust to sound the alarm on this issue to national organizations such as the National Council of la Raza and others. He feels we are getting nowhere by trying to work through channels within HUD and IRS.
- Erik Nicholson asked whether it was possible to get the media interested in this issue.
- Billie Heath summarized the discussion by saying that there are several actions the Board could take: (1) try to get the State to use whatever flexibility it has to assist farmworker projects; (2) pursue a change in federal legislation (3) continue to keep the heat on the bureaucracy.
- Mike Gempler, Lupe Gamboa and others suggested that the time had come to get the Eastern Washington congressional delegation involved since we now have demonstrable evidence of the negative impact of these designation decisions on their constituents.
- After considerable discussion the Board decided by consensus to carry out the following actions:
 1. Brien Thane will draft a response to HUD to set the record straight and reiterate the solutions we have proposed to address the issue. He will work with Gloria, Mike Gempler and Tom on the final draft.
 2. Mike Gempler will draft a cover letter, on Grower's League stationery, and forward the Board's letter to Reps. Hastings and Nethercutt urging them to become involved.
 3. Board members will forward to Tom Byers the names and addresses of the national organizations they believe would be interested so he can send them copies of the letter.
 4. Tom will also stay in touch with Senator Murray's staff to keep them apprised of our actions.

UPDATE ON FY 2005 APPROPRIATION

In the absence of Mary McBride, this item was deferred.

UPDATE ON FARMWORKER SURVEY

Dixie asked Brien Thane to report on the work of the Farmworkers Survey Committee in the absence of Mario Villanueva. Brien reminded the Board of the elements of the “preliminary action plan” developed by the committee, and stated that the press of other business and vacations had kept the committee from making much headway since the last meeting.

NEW BUSINESS

MEMBER UPDATES AND ANNOUNCEMENTS

Dixie explained that this item has been added as a regular feature of the agenda in response to Guillermo’s suggestion at our last meeting. It will provide an opportunity for members to keep one another up to date on issues that may affect the work of the Trust. She then opened the floor to items of concern:

- John Smith called the Board’s attention to the recent round of federal budget cutbacks in the Section 8 voucher program, which is a mainstay of federal support for low-income housing. He stated that public housing agencies were recently notified of *retro-active cuts* that included a 20% reduction in the basic administrative fees agencies receive to operate the program, as well as serious cuts in the amount of Section 8 voucher support that had been anticipated. After some discussion, the Board agreed by consensus to add the Section 8 issue to the letter being drafted to HUD and the congressional delegation.
- Guillermo Castaneda then asked the growers present to comment on recent media reports of the closure of the asparagus canning facilities in Walla Walla County. In response, Mike Gempler, Mike Youngquist and Erik Nicholson provided an in-depth explanation of the economic and political forces at work regarding that plant closure, and the potential impact it may have on the work of the Trust. In brief, they described this case as exemplary of the challenges for Washington agriculture in a global economy. In this case, the large corporation that owned the plant determined that they could obtain asparagus for canning at less cost from Peru, where farmworkers and cannery workers are paid a fraction of what U.S. workers earn. This general trend leaves Washington farmers with the choice of attempting to compete on price, or moving to a “value added” strategy that relies on improvements in productivity, quality and marketing strategies. Washington’s agricultural industry is moving toward the value added approach, which reinforces the need for a well-trained, well housed, and productive workforce.
- John Smith reported that the USDA has recently changed the definitions that determine what types of workers are eligible for farmworker housing constructed with Rural Development funds. The new definitions are much more restrictive, requiring that workers actually touch the crops, and ruling out many others who work as mechanics or processors. This is presenting a challenge for many existing tenants who may lose their housing if the new definitions are strictly enforced. Mike Gempler and Mike Youngquist supported John’s concern and said that we should add this to the list of concerns we take to the members of Congress.
- Erik Nicholson and Mike Gempler reported that there has been a lot of concern and disruption in the fields as a result of recent actions by the Immigration and Customs Enforcement Service of the Homeland Security Department (formerly INS).

PROGRESS ON PLAN DEVELOPMENT

Tom Byers distributed copies of the “Summary Report on the Need for Farmworker Housing in Washington State” prepared by the Cedar River Group from all of the material that has been assembled as part of the Needs Assessment. He asked the Board members to review the draft and provide him with comments and suggestions by July 31.

This document is intended to begin the process of converting the mountains of data that we have assembled into a statement of need that can be used in meetings with foundations, editorial boards and other potential partners. In its final form, the summary will become a chapter in the comprehensive plan, and a part of our proposals to foundations. The presentation of the summary stirred a vigorous discussion of the Trust’s plans for the immediate future:

- Mike Gempler stated that the Board should be careful about when we go to the editorial boards. He questioned whether it was necessary to do at this point.
- Tom Byers responded that he agreed that now might not be the time, but felt in light of the magnitude of the need that we have identified, it may be necessary to go to the editorial boards at some point to begin building the level of public interest and support that will ultimately be required. He said that his personal thinking had evolved during the needs assessment, from viewing the task as simply seeking philanthropic funding to believing that a broader and more diverse funding partnership will be required to meet the need. He now imagines the philanthropies being asked to provide funding as a catalyst for additional funding commitments from the federal government, the State Housing Trust Fund, and other players such as Fannie Mae and the banks.
- Mike Youngquist stated that in looking at the numbers, he has become convinced that the Trust will need more partners than those Tom had listed. We will need to deal with the bureaucratic problems that discourage growers from being involved (article 8, section 7). He would like to see the Trust’s plan contain a formula that has 2/3 of the funding coming from government and philanthropy, with 1/3 coming from growers.
- Guillermo Castaneda suggested that it is now time to put such thoughts on paper. He asked for a “schematic plan” that would sketch out the kind of financing strategy we are envisioning. He also believes that the Board will need to develop criteria for funding decisions as part of that plan.
- Mike Gempler pointed out the mission of the Trust seems to be evolving. We initially thought of our task as raising philanthropic money for a fund to build housing. We are now becoming engaged in something larger, and giving a lot of time and attention to getting the bureaucracy to do its share. That larger role is probably appropriate, but we still need to maintain our focus on generating new resources.
- Dixie Kracht supported that point, and suggested that partnerships are vital, but we should recognize that potential partners are not always able to live up to their commitments. We should not make our funding requests contingent on all the public agencies being lined up, or we may never succeed.
- John Smith reminded the Board that in developing our funding strategies, we will need to “put a human face on the numbers.” He suggested that all the developers and advocates on the Board provide Tom with photographs and anecdotes that would be effective in making the case.

- Gloria Burton reiterated the importance of conducting site visits, and suggested that if possible we should try to get representatives of the foundations to visit the camps in which farmworkers are living.
- Erik Nicholson raised a question of whether the Trust's staffing is sufficient to manage the task we are taking on. Mike Gempler said that it will be important to stay on track with the search for a permanent director once it is clear that the FY 2005 appropriation will be secure so that we know that we will have the resources to pay the salary.

As a result of the discussion, consensus was reached on the following actions:

1. CRG will focus its energies during the next month on developing the "schematic plan" that spells out the proposed strategy for meeting the needs we have identified, and on completing the Summary of Needs and the Survey of Best Practices.
2. At the next meeting, the Board will review those products and identify a panel (or panels) of Board members to present our case to foundations and to others during the coming months.
3. The panel members will work with CRG to refine the materials as power-point presentations and written reports and proposals.
4. We will time this work so that we are prepared to make presentations by November. Our hope is that Senator Murray will be able to renew the contacts she has made with the foundations during that period.
5. CRG will continue to monitor the Congressional appropriations process to determine when it will be possible to initiate the search for a permanent director.

ADJOURNMENT

There being no further business, the chair declared the meeting adjourned at 2:30 p.m.

NEXT MEETING

THE NEXT MEETING OF THE BOARD WILL BE HELD ON FRIDAY, AUGUST 20, IN SKAGIT COUNTY. Tom will work with John and Mike to identify the specific location and notify the Board members.

Respectfully Submitted: _____
Secretary

Approved: _____
President/Vice President