

HOUSE COMMITTEE ON HEALTH AND PUBLIC ADVOCACY

February 15, 2001
1:30 p.m.

Hearing Room D
Tapes 23 - 24

MEMBERS PRESENT: Rep. Jeff Kruse, Chair
Rep. Phil Barnhart
Rep. Bill Morrisette, Vice-Chair
Rep. Bill Garrard, Vice-Chair
Rep. Jan Lee
Rep. Laurie Monnes-Anderson
Rep. Carolyn Tomei
Rep. Cheryl Walker

MEMBER EXCUSED: Rep. Jerry Krummel

STAFF PRESENT: Diane Lewis, Committee Administrator
Rachel Brown, Committee Assistant

MEASURE/ISSUES HEARD: HB 2331- Public Hearing and Work Session
HB 2252- Public Hearing and Work Session
HB 2257- Public Hearing and Work Session
HB 2258- Public Hearing and Work Session
HB 2261- Public Hearing and Work Session
HB 2261- Public Hearing and Work Session
HB 2268- Public Hearing and Work Session
Update on activities within Oregon Housing and Community Services (OHCS)

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

| TAPE/# | Speaker | Comments |
|--|----------------|--|
| TAPE 23, A | | |
| 005 | Chair Kruse | Calls the meeting to order at 1:40 p.m. Opens a public hearing on HB 2331. |
| <u>HB 2331 – PUBLIC HEARING</u> | | |
| 010 | Diane Lewis | Committee Administrator. Provides background information on HB 2331. |
| 030 | Mickey Lansing | Deputy Director, Oregon Commission on Children and Families (OCCF). Testifies in favor of HB 2331. States that OCCF was directed by HB 2003 (1993) to administer Children's Individual Development Accounts. Believes it would be more appropriate to transfer this program to Housing and Community Services. |
| 049 | Rep. Garrard | Asks if the program move can take place without funding. |
| 042 | Lansing | Responds that a policy piece can move without the funds. |
| 060 | Bob Repine | Director, Oregon Housing Community Services Division (OHCS). Remarks that ICDA's are designed to deal with three things: <ul style="list-style-type: none">• Educational opportunities |

- First time homebuyer opportunities
- Starting small private businesses

States that there are great success stories within the Individual Children’s Development Account Program but that the program only works if it’s adequately funded.

100 Chair Kruse

Closes the public hearing on HB 2331 and open a work session on HB 2331.

HB 2331 – WORK SESSION

101 Chair Kruse

Speaks of being approached by a county commissioner who was concerned and in favor of this possible legislation. States if HB 2331 passes, it will have a funding stream attached.

114 Repine

Submits written testimony (**EXHIBIT A**) and discusses the following major points:

- Individual Children’s Development Account Program and what it has meant in the United States
- Comparison sheet of the possible varieties of direction that could exist in the accounts

125 Rep. Morrisette

MOTION: Moves HB 2331 BE REFERRED to the committee on Ways and Means.

133 Rep. Barnhart

Refers to HB 2331 and asks how the “blank after the dollar sign” gets filled in.

137 Chair Kruse

Replies that the committee can decide to put in an amount based on the many factors or that the bill could move by simply putting a zero in the space.

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VOTE: 8-0

AYE: In a roll call vote, all members present vote Aye.

EXCUSED: 1 - Rep. Krummel

The motion CARRIES.

157 Chair Kruse

159 Chair Kruse

Closes the work session on HB 2331 and opens a public hearing on HB 2252.

HB 2252 – PUBLIC HEARING

162 Diane Lewis

Committee Administrator. Offers background information on HB 2331.

171 Nancy Pope
Schlangen

State Housing Council member. Testifies in support of HB 2252. Explains that the amount hasn’t been increased since 1991, even in lieu of the 20% inflation rate.

192 Bob Repine

Director, Oregon Housing Community Services Division (OHCSA). Submits written testimony in favor of HB 2252 (**EXHIBIT B**). Remarks on two important issues in reference to the bill:

- Confidentiality
- Time

219 Rep. Lee

Asks what the income threshold is.

224 Repine

Responds that it varies from one geographical area to the next.

240 Rep. Lee

Asks if the interest rate is subsidized.

242 Repine

Responds that General Obligation bonds are sold and the office is given a preferred rate. States that when the loan is paid back it replenishes the bond program.

253 Rep. Morrisette

Asks what the bonding capacity is, and if more bonds are to be sold.

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| 257 | Repine | Responds that the Revenue Committee will reallocate the volume cap each year. States OHCS accessed the Oregon Veterans volume cap but now Oregon Veterans have an opportunity to use their resources. |
| 306 | Rep. Morrisette | Asks if there is a bill for allocation each biennium. |
| 309 | Repine | Answers affirmatively. |
| 317 | Rep. Walker | Asks about the \$250,000 figure being a reasonable amount for a low-income family. |
| 328 | Repine | Responds that although \$250,000.00 is the steepest amount, rarely will a family buy such a costly house. States that setting amount higher than necessary is taking future inflation into consideration. |
| 351 | Rep. Walker | Asks if this threshold amount would be sufficient for 5 years. |
| 352 | Repine | Replies that the figure would hold for at least 4-6 years. |
| 355 | Rep. Garrard | Asks how many loans would exceed \$250,000.00 in the next year. |
| 365 | Repine | Responds that most likely no loans would be issued that would exceed this amount. |
| 374 | Chair Kruse | Asks what the income threshold was from 1990. |
| 377 | Repine | Responds that he does not have the answer. |
| 387 | Rep. Morrisette | Requests more information about eligibility in different areas. |
| 406 | Rep. Lee | Inquires if it would be possible to include in that information, an escalating factor along with the pricing structure in each area. |

TAPE 24, A

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| 002 | Repine | States that the questions to ask that are at the heart of HB 2252 are: <ul style="list-style-type: none"> • Will the council take the time to review these small amount loans? • Will the citizen applying for the loan be subject to the placing of his or her name and income in the Oregonian? • How long will citizens need to wait before moving into their new homes? |
| 015 | Chair Kruse | Believes that it is necessary to offer a threshold that will last 3 or 4 biennia. |
| 019 | Rep. Barnhart | Asks why there would ever be a loan application granted for a house that would be worth over \$250,000. |
| 030 | Repine | Responds that figures are based on a Housing and Urban Development (HUD) assessment of eligible income levels. |
| 060 | Rep. Morrisette | Asks why a lesser amount is not the threshold amount. |
| 064 | Repine | Responds that in using an interest rate from the last 10 years, the projected 10-year interest rate resulted in a figure of \$250,000. |
| 076 | Repine | States that he doesn't disagree with lowering the \$250,000 figure. |
| 084 | Chair Kruse | Points out that loans are based on income levels. |
| 095 | Repine | Offers anecdote of a family who was upset about the lack of confidentiality surrounding this issue area. |
| 116 | Chair Kruse | Closes the public hearing on HB 2252 and opens public hearing on HB 2253. |

HB 2253 – PUBLIC HEARING

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| 119 | Bob Repine | Director, Oregon Housing Community Services Division (OHCS). Submits written testimony in favor of HB 2253 (EXHIBIT C) and explains that this bill adds 3 other agencies |
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| 173 | Patty Whitney-Wise | <p>who participate on the hunger council. Director, Oregon Hunger Relief Task Force. Testifies in favor of HB 2253 and lists 2 functions of the task force:</p> <ul style="list-style-type: none"> • Advising the Governor and the Legislature • Working together on improving programs that serve the hungry <p>Lists 3 areas to improve:</p> <ul style="list-style-type: none"> • Defining hunger and food security • Expanding existing services • Defining what is needed beyond the food programs • Looking at ways to implement improvements and streamline services through; <ul style="list-style-type: none"> A. Joint outreach B. Joint monitoring of programs C. Nutrition education D. Data collection and reporting E. Program improvements |
| 253 | Rep. Morrisette | Asks if these efforts are already being made and if the lack of coordination is being addressed. |
| 268 | Whitney-Wise | Replies affirmatively. |
| 275 | Repine | Discusses the State Corrections' partnering efforts with the Food Bank distribution centers. |
| 324 | Chair Kruse | Closes the public hearing on HB 2253 and opens a public hearing on HB 2257. |

HB 2257 – PUBLIC HEARING

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| 325 | Nancy Pope Schlangen | <p>State Housing Council member. Testifies in support of HB 2257. States that the funds are for three purposes:</p> <ul style="list-style-type: none"> • Forming a partnership between mortgagors and bankers • Education in home ownership • Down payments and the work with the banks |
| 381 | Jim Markee | <p>Represents the Oregon Mortgage Bankers Association. Strongly supports HB 2257. Believes the bill to be very beneficial for first-time home buyers.</p> |
| TAPE 23, B | | |
| 001 | Rep. Morrisette | Asks if there's a connection between HUD and other local resources. |
| 004 | Jim Markee | Replies that they could be coupled together. |
| 012 | Rep. Morrisette | Asks if the money is for a down payment. |
| 016 | Markee | Responds that it is all down payment money and explains that it can be used to reduce fees. |
| 022 | Markee | <p>Explains that potential clients must be:</p> <ul style="list-style-type: none"> • Low-income • First time homebuyers • Retain less than \$5,000.00 in liquid assets • Complete an approved homebuyer's education course |
| 028 | Rep. Morrisette | Asks who designed the required course. |

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| 030 | Markee | Responds that the department has the curriculum for the course but that it was developed in conjunction with the members. |
| 040 | Rep. Garrard | Asks for the average monthly balance. |
| 044 | Markee | Replies that the amount is \$750,000 General Fund dollars. |
| 046 | Bob Repine | Submits written testimony in favor of HB 2257 (EXHIBIT D) and states that since the shift from grant to loan programs, the loan savings will not be observed until the houses are refinanced in 7-10 years. |
| 56 | Chair Kruse | Closes the public hearing on HB 2257 and opens a public hearing on HB 2258. |

HB 2258 – WORK SESSION

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| 58 | Bob Repine | Director, Oregon Housing Community Services Division (OHCS). Submits written testimony in favor of 2258 (EXHIBIT E) and states that the bill would allow OHCS to hold properties for non-profit organizations. |
| 92 | Rep. Morrisette | Urges the committee to support HB 2258. |
| 100 | Rep. Tomei | Asks where the funds come from to purchase the property. |
| 101 | Repine | Responds that the same funds used for community service programs would target the resources to appropriate and hold property for short periods of time. |
| 124 | Rep. Tomei | Asks if there is availability to do a lease option and if this option is even feasible. |
| 125 | Repine | Replies that a lease option has not been made available but that as the economy tightens up, it can be used as a new tool. |
| 136 | Rep. Garrard | Refers to section 1, line 30 of HB 2258 and asks what is a reasonable amount of time. |
| 142 | Repine | Responds that this is a 6-12 month short-term loan. |
| 160 | Rep. Barnhart | Inquires if the rules surrounding this loan type speak to the issue of property given as a gift. |
| 170 | Repine | Responds that he does not have a direct answer to the question. |
| 176 | Rep. Morrisette | States that he would like to understand more about how general fund budget financing. |
| 188 | Repine | Replies that he would be happy to come back to answer more specific questions. |
| 203 | Chair Kruse | Explains that there will be no more public hearings on these bills, only work sessions. |
| 210 | Rep. Barnhart | Remarks that he is also interested in learning more about this issue. |
| 213 | Repine | Responds that it's rare within the state system that it must perform a task that a private market has to perform on a day to day basis. |
| 220 | Chair Kruse | Closes the public hearing on HB 2258 and open a public hearing on HB 2261. |
| 249 | Chair Kruse | Closes the public hearing on HB 2261 and reopens public hearing on HB 2258. |
| 249 | Repine | Submits written testimony in favor of 2258 (EXHIBIT F) remarks on its contents. |
| 259 | Victor Smeltz | Represents the Housing Authority of Portland. Testifies in support of HB 2258. Explains that the development of affordable housing takes a lot of time. |
| 324 | Rep. Barnhart | Asks if there is an assessment of an increase of risk. |
| 337 | Repine | Responds that if risks are not taken then there's a loss of opportunity. |
| 361 | Rep. Walker | Asks if after the property is bought, is it reappraised and sold at |

379 Repine the current market value, and if the property is held for 2 years then who pays the property taxes.
Responds that the standard practice is to assess the property thoroughly and if anything about the property is not satisfactory the deal will be let go of.

TAPE 24, B

002 Smeltz States that there is 45-60 day period during which all of the work is done.

010 Repine Remarks that if there is an option to buy, the owner of the property would be liable for the taxes incurred.

034 Chair Kruse Closes the public hearing on HB 2258 and opens a public hearing on HB 2261.

HB 2261 – PULBIC HEARING

040 Bob Repine Director, Oregon Housing Community Services Division (OHCSA). Submits written testimony in favor of HB 2261 (**EXHIBIT G**) and explains that conduit financing is a new attempt to make loans match or equal the same private marketplace environment for loan opportunities.

065 Jack Kenny Deputy Director, Oregon Housing and Community Services. Testifies in support of HB 2261.

071 Rep. Barnhart Asks what the difference is between conduit bonds and revenue bonds.

078 Kenny Responds that the primary difference is that assets serve as security for the revenue bonds, but that the conduit bonds' only security is that specific transaction.

099 Rep. Barnhart Asks what the security is for the loan.

100 Kenny Replies that the piece of property is the security for the loan.

112 Rep. Garrard Asks if the variable rate is below the market rate.

115 Kenny Replies that he is not sure that the sale of conduit bonds include a variable rate.

132 Diane Lewis Committee Administrator. Asks if there are requirements that a developer maintain the property.

144 Kenny Responds that a review is conducting to ensure that the borrower is responsible and the project is viable.

200 Chair Kruse Closes the public hearing on HB 2261 and opens a public hearing on HB 2668.

207 Sean Smith Represents the Association of Oregon Housing Authorities. Submits written testimony in favor of HB 2668 (**EXHIBIT H**) and testifies that the intent of the bill is to cleanup issues related to housing authority in Oregon statute in compliance with federal and state law and is a response to a recent HUD mandate. Explains that Oregon's housing authorities, that are federally funded, provide housing to as many people as possible. States that the bill enables elected bodies to appoint up to two residents to serve as board members and the bill is supported by would be affected housing authorities. Points out that HB 2668 also reduces the terms of service for members from 5 years to 4 years.

267 Smith Discusses proposed amendments.

305 Smith Continues discussing proposed amendments.

361 Smith Clarifies his proposed amendments.

365 Smith Reiterates that one of the intentions of HB 2668 is to reduce the terms of office.

370 Chair Kruse Remarks that he intends to bring back HB 2668, with

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Chair Kruse

amendments, within the context of a work session.
Closes the public hearing on HB 2668 and adjourns the
committee at 3:25 p.m.

Submitted By,

Reviewed By,

Rachel Brown,
Committee Assistant

Diane Lewis,
Committee Administrator

EXHIBIT SUMMARY

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- A – HB 2331, written material, Bob Repine, 10 pp.**
- B – HB 2252, written material, Bob Repine, 3 pp.**
- C – HB 2253, written material, Bob Repine, 3 pp.**
- D – HB 2257, written material, Bob Repine, 3 pp.**
- E – HB 2258, written material, Bob Repine, 3 pp.**
- F – HB 2261, written material, Bob Repine, 4 pp.**
- G – HB 2261, written material, Bob Repine, 1 p.**
- H – HB 2668, written material, Sean Smith, 2 pp.**

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