

HOUSE COMMITTEE ON AGENCY PERFORMANCE & OPERATIONS

February 18, 1999 Hearing Room E

8:00 a.m. Tapes 20 - 22

MEMBERS PRESENT: Rep. Jane Lokan, Chair

Rep. Kathy Lowe, Vice-Chair

Rep. Betsy Close

Rep. Dan Gardner

Rep. Tim Knopp

Rep. Jeff Kruse

Rep. Bob Rep. Montgomery

Rep. Kitty Piercy

STAFF PRESENT: Pat Zwick, Administrator

Susan M. Pettey, Administrative Support

ISSUE HEARD: Overview of Housing Programs

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 20, A		
002	Chair Lokan	Opens meeting at 8:10 a.m., and opens informational meeting.
<u>INFORMATIONAL MEETING: OVERVIEW OF HOUSING PROGRAMS</u>		
019	Marcia King	Director, Salem Housing Authority (SHA). Discusses agency function and housing programs within the Cities of Salem and Keizer. Highlights the following:

		<ul style="list-style-type: none"> • Currently, 3,000 families are on a housing waiting list for two to three years • SHA is closely aligned with city government. • SHA networks monthly with a consortium of shelter and emergency housing providers
060	Chair Lokan	Asks what agencies are involved in the consortium.
063	King	Replies there are about 20 organizations involved, such as the Salvation Army, Union Gospel Mission, and St. Vincent de Paul.
075	King	<p>Describes long-term core programs, which assist about 3,000 households. Explains two major programs:</p> <ul style="list-style-type: none"> • Section 8. Federally funded, with rent based on 30% of income, including utility costs • Low-rent public housing. HUD-funded program. SHA constructs or acquires the units. Average family income of approximately \$8,000 per year; \$5,000 per year for seniors.
098	King	SHA has a high ranking by HUD. Indicates that Congress has not authorized any public housing development funds since the 1980s.
109	Chair Lokan	Asks how programs operate without federal funds.
119	King	Responds that Section 8 funds are still available, but not development funds for new public housing. Describes sources that come together for a public housing development. Cites a study that demonstrates that within the first year families get into housing, their economic situation improves because of stabilization. Emphasizes services to families. Talks about partnerships with institutions of higher learning. Describes partnerships with more than 50 organizations in Salem, including numerous churches, to bring programs and learning opportunities to clients. Finds that families are leaving programs because they can rent on the private market.
158	Chair Lokan	Asks if housing assistance terminates when the financial situation improves.
161	King	Responds that rents increase with income, enabling clients to move into the private market. Describes self-sufficiency program, which enabled six families to move into the homebuyer program in 1998. Comments on special housing needs for persons with disabilities. Explains that HUD provided 200 Section 8 vouchers to target persons with disabilities, tying families directly with services.
211	Denny West	Housing Authority of Portland (HAP). Submits handout (EXHIBIT A), and discusses agency function and history. Provides public housing, tenant-based Section 8 program, funded around federal grants which pay approximately 75% of the cost. Describes family self-sufficiency program. Comments on special needs unit. Describes a 1,000-unit high rise with a mix of elderly and nonelderly disabled. Indicates that developmentally disabled and mentally-ill clients qualify for public housing. Explains a challenge facing HAP; the agency is being asked

		under federal regulations to house people with serious mental illness.
324	Chair Lokan	Asks if steps can be taken to move clients off housing.
328	West	Notes that under federal law, once a person is on Section 8, removal is eviction for-cause only. Describes agency efforts to work with private landlords, who are suppliers of Section 8 housing. Reports that as the housing market slows in Portland, more landlords are offering rentals to HAP for leases.
369	West	Comments that there is no constituency for low-income housing in Washington D.C. other than housing authorities. Claims that public housing is being nibbled to death around the edges. Describes Section 8 as the most popular program, but no serious expansion of the program is planned.
391	Chair Lokan	Asks if the stable job market in Portland has decreased the need for affordable housing.
399	West	Replies that more people in housing now work, but wages are insufficient to move into the private rental market.
403	Rep. Montgomery	Refers to HAP income guidelines (EXHIBIT A). Indicates that \$39,700 is considered low income for a family of four. Inquires if that figure is salary and/or benefits.
412	West	Indicates that the \$39,700 guideline is salary only.
416	Rep. Montgomery	Opines that is not low income.
421	West	Replies that by federal law, that is the definition. States that HAP is a federal contractor and is required to comply with federal law. Comments that the average income housed by HAP is approximately 20% of median. Claims that HAP does not house people at 80% of median income. Explains that there are 55,000 households in Multnomah County below 50% of median, compared with approximately 14,000 affordable, available units. Focuses on providing housing below 30% of median, using development and operation authority under Oregon law.
TAPE 21, A		
042	West	<p>Describes 2,600 to 2,800 units of locally-owned housing, ranging from housing that is affordable for households at 60% of median to 0% of median. Encompasses garden-style apartments, rehabilitated hotels, and special needs group homes. Describes difficulty in</p> <ul style="list-style-type: none"> • Providing housing to people at 30% of median because no debt can be carried on the property. • Raising enough money to build a project with no debt. Explains HAPiS efforts to raise money. Describes main funding sources. Stresses

		importance of the Housing Trust Fund, which is usually the first money received.
063	Rep. Kruse	Comments that testimony given by HAP indicates households at 80% of median are not served. References (EXHIBIT A) chart showing over one-third of units designated for 60-80% of median.
067	West	Responds that nobody is housed at 80% of median, and almost nobody at 50%. Clarifies that the units that are built and not subsidized by the federal government, are rented at a rate that covers operating costs and debt service. Adds that the units considered affordable at 60-80% of median, are financed solely by bonds issued by the HAP and receive no other subsidy.
076	Rep. Kruse	Opines that the agency could be subsidizing the housing of a family of four with an income of \$40,000.
082	West	Responds that the subsidy is in the interest rate on the bonds that are sold, as well as tax exemptions.
085	Rep. Knopp	Indicates that the HAP income guidelines apply to his salary of \$1,225 a month, qualifying his family of five for subsidized housing. Opines that he is not low-income. Notes that the guidelines are based on income, not assets. Asks if his understanding is correct.
093	West	Responds affirmatively.
096	Rep. Knopp	Expresses support of affordable housing. Reiterates that he qualifies for the program under the guidelines, but does not consider himself as low income or needing affordable housing.
098	West	Responds that the program is not created by HAP. Recommends Rep. Knopp write to his congressman if he disagrees with the program. Explains it is a federal program that HAP operates as a contractor. Notes that most people at 80% of median income do not consider themselves low income. Reiterates this is a federal definition. Claims that no one at 80%, and very few at 50% of median income get subsidies from any housing authority in Oregon. Describes housing built with bonds, where households are at 80% of median with a very small subsidy. Explains that HAP has double tax exempt bonds, and pays no property tax. Comments that as debt is paid down, rents can be reduced, or cash can be taken out and reinvested in low-income housing. States that HAP is using the available mechanisms to create affordable housing. Mentions that HAP uses bonds to buy low-income housing that can be sold and moved out of low-income use.
139	West	Describes a portion of Section 8 wherein the federal government contracts with a private owner to subsidize an entire property. Mentions that long-term subsidy contracts are ending and private owners now can opt out. Talks about the Portland Preservation Ordinance. Gives an example of three properties purchased by HAP that have been "milked" by owners. Wants to preserve the properties for low-income housing, and currently receives Section 8 subsidies.

156	Rep. Knopp	Asks if income increases, does housing subsidy end.
160	West	Responds affirmatively.
163	Rep. Montgomery	Asks if federal government guidelines are regionalized.
165	West	Responds that the actual income figures would vary from area to area, but percentages remain the same.
168	Rep. Montgomery	Asks if guidelines are regionalized by state or city.
172	West	Replies that there are guidelines for Metro, and separate guidelines for the balance of the state.
175	Ruby Mason	Mid-Columbia Housing Authority. Describes the agency as a subdivision of the Economic Development District, organized in 1975. Mentions broad rural service areas in Washington and Oregon.
228	Mason	Administers the Section 8 program in five counties, the primary program that assists families in a wide area. Serves approximately 1,000 households.
254	Mason	Describes advantages of Section 8 program. Comments on income and unemployment rate in the Gorge. Describes programs within Columbia Cascade Housing Corporation. Comments that certificate-program recipients are unable to find affordable housing. Notes a failure-to-lease rate of four-to-one.
310	Mason	Explains that in 1990, a community development corporation (CDC) was formed to work in tandem with the housing authority, serving the same geographical area. Describes completed projects. Discusses 30 units built in a small community, and leased the day it was completed. Acknowledges long waiting lists for all programs. Describes coordinated effort to address homeless and housing issues.
333	Rep. Montgomery	Asks about income guidelines in Portland compared to the Gorge.
340	Mason	Replies that the guidelines are much lower in the Gorge.
348	Rep. Montgomery	Comments that 30% of the population in Hood River are Hispanic. Asks if they are given much consideration.
351	Mason	Responds affirmatively. Discusses need for farm worker housing, and describes completed projects and funding.
361	Chair Lokan	Asks for average income in the area served by the agency.

370	Mason	Replies that 50% of median income for a family of four is approximately \$16,000. Mentions that the average income of all households receiving assistance is \$9,000 per year.
385	Chair Lokan	Inquires as to agency experience with projects that were not successful.
394	Mason	Describes challenges involved in the community land trust project.
412	Rep. Piercy	Asks why the agency targets 50-80% of median income.
416	Mason	Replies that at 30% of median income, families struggle financially, even with a rent subsidy. At 50% of median income, the agency attempts to move families into self-sufficiency.
TAPE 20, B		
033	Mason	Explains new federal legislation that will target 30% and below for Section 8 assistance. Compares minimum wage earnings to the cost of housing.
040	Chair Lokan	Asks for income figures.
044	Mason	Replies that 50% is \$18,000, and 80% is \$22,000. Clarifies that 80% criteria is for homeownership opportunities rather than rentals.
048	Chair Lokan	Asks for main source of income in the area served.
053	Mason	Indicates the main source of income is agriculture and service-based. Mentions that 46% of households served by Section 8 are elderly or disabled; 54% are families, and of those, 69% have some earned income, but can't afford rent. Notes that the jobs program has made a difference: In 1993, 22% of families were working, and now 69% have some earned income
064	Tom Clancey-Burns	Executive Director, Community Services Consortium. Submits written materials (EXHIBIT B). Describes the agency as different from a housing authority. Notes that agency staff of 145 provides services to 40,000 people. Explains services and target groups (EXHIBIT B, pg. 2). Describes source of funds. Comments on annual report (EXHIBIT B, pg. 3). Discusses integration of services.
130	Chair Lokan	Asks for amount and source of state dollars.
135	Clancey-Burns	Refers members to (EXHIBIT B, pp. 1 and 2), and explains.
	Chair Lokan	Asks if the source of local dollars is donations.

148	Clancey	Replies there are donations. Describes the food warehouse, gleaning projects, and school districts that provide direct dollars. Discusses the emancipated youth program that includes independent living which provides housing.
153	Chair Lokan	Asks if that is 24-hour housing for youth.
158	Clancey	Responds affirmatively.
160	Chair Lokan	Asks if this group is considered psychiatric.
163	Clancey-Burns	Describes the group as pregnant teens, gang-related concerns, and job transition. Notes that the makeup of youth programs looks different because of the target population.
165	Tom Hatley	Community Services Consortium. Describes housing rehabilitation program, an opportunity provided to low-income families to upgrade homes. Discusses block grants targeted to specific communities. Comments on mobile home rehabilitation no-interest loan program.
203	Chair Lokan	Asks if loans are repaid.
210	Hatley	Responds that loans are repaid upon transfer of ownership of the property. Comments there have been no bad loans in eight years. Describes sweat equity homeownership program which is funded through loans based upon income, with subsidized interest rates. Targets 80% of median income. Designates 40% as very low income.
257	Chair Lokan	Asks what is 40% of income.
262	Hatley	Responds that the figure varies from county to county. Gives Linn County as an example: 40% of median income for a family of four is \$30,400.
278	Rep. Lowe	Asks for the source of Rural Development 502 funds.
282	Hatley	Answers that it is the U.S. Department of Agriculture, formerly the Farmers' Home Administration.
287	Rep. Lowe	Asks if there is a state-matching component.
291	Hatley	Answers no, that the match is sweat equity.
294	Rep. Lowe	Asks how construction materials are paid for.

299	Hatley	Responds that the 502 loans pay for the land, materials, and subcontractors.
313	Rep. Lowe	Asks if any regulations or administrative rules dictate where the housing subdivisions can be located.
318	Hatley	Replies there are lots of rules; this is a federal agency. Explains that Rural Development targets cities of 20,000 population or less.
324	Clancey-Burns	Describes integration into communities where choices exist beyond the population requirement.
334	Hatley	Explains area of largest need is to find land developed and available for affordable housing.
339	Rep. Lowe	Asks if agency responsibility is to target small communities within the urban growth boundary (UGB), with populations less than 20K and building within the boundary.
342	Hatley	Responds that development can be within the city. Describes project in Lebanon. Explains the development was constructed on the only piece of land available in Lebanon for affordable housing.
366	Hatley	Describes how Housing Trust Fund dollars leverage \$22.00 for every dollar. Agency targets 30-50% of median family income groups.
TAPE 21, B		
004	Robert J. Castagna	General Counsel and Executive Director, Oregon Catholic Conference. Submits and reads written testimony (EXHIBIT C). Urges members to find the resources necessary to add \$160 million to the Housing Trust fund.
060	Ann Williams	Housing Director, St. Vincent de Paul Society of Lane County. Describes services provided in Lane County since 1955. Explains homeless shelter program, day shelter services, transitional housing, and permanent housing.
108	Rep. Piercy	Comments about St. Vincent de Paul's work in the community and importance in moving housing issues forward.
117	Castagna	Provides written summary of projects funded with Oregon Housing & Community Services Department Development (OHCSA) grant support (EXHIBIT C, pg. 9).
123	Williams	Describes importance of Housing Trust Fund, which leverages approximately \$22.00 for every dollar invested.

134	Chair Lokan	Closes informational meeting. Opens public hearing on HB 2090.
<u>HB 2090 PUBLIC HEARING</u>		
143	Pat Zwick	Committee Administrator. Summarizes provisions of HB 2090.
153	Williams	Member, Association of Oregon Community Development Corporations. Supports HB 2090. Speaks in support of the extension of ORS 307.518-535, which provides local communities with the ability to grant to eligible, affordable housing projects a tax exemption or some form of pilot tax payment.
180	Williams	Discusses need to maintain balance between incomes, operating costs, plus the loan amount carried on the project. Claims that without the ability to work with a local jurisdiction to get at least partial tax exemption from the project, rents must be raised. Addresses local control. Cites Stayton as an example, using the ORS as a way of helping the community define housing goals and standards. Explains this is a voluntary adoption of a statute. Urges extension of this valuable tool until 2010.
219	Rep. Lowe	Asks why this should be kept under the sunset rule at all.
224	Williams	Expresses that she does not know. Urges permanent adoption.
226	Lowe	Asks if Ms. Williams can think of any reason not to place it under the sunset rule.
230	Williams	Responds that the statute empowers the local jurisdiction to make decisions. States that abuse and cost are moot issues.
235	Lynn Schoessler	Assistant Director, Oregon Housing & Community Services (OHCS). Speaks in support of HB 2090. Gives example of how tax relief provides rent relief. Emphasizes this is a local option. Suggests a waiver of the sunset entirely, but supports the extension to 2010.
265	Rep. Lowe	Asks if there is any savings involved in having periodic reviews.
272	Schoessler	Responds that there is the option for review in 10 years. Reiterates no objection to eliminating the sunset. Comments on Measure 50 impact.
307	Chair Lokan	Asks about social services and child care in HB 2090, section 4.
318	Schoessler	Refers to a provision in the tax code that references cancellation of taxes upon the property being donated.

330	Rep. Piercy	Comments about the Head-Start program being located at the St. Vincent de Paul affordable housing development.
337	Schoessler	Explains that St. Vincent de Paul would have to respond as to whether they received a property tax waiver for both the housing and the Head Start program.
353	Peter Grundfossen	Association of Housing Authorities. Speaks in support of HB 2090. Comments that the Association has no specific stake in HB 2090. Explains that housing authorities are property tax exempt under law. States that low-income affordable housing and its development is so important, the measure is supported on behalf of CDCs and other nonprofit housing statewide. Supports removal of the sunset rather than extension.
TAPE 22, A		
024	Gerald J. Bieberle	Association of Oregon Community Development Organizations. Refers to the statutory ability of local jurisdictions at foreclosure relative to tax delinquency, when the tax is forgiven and the property is donated to a private non-profit for housing purposes only. Notes that Ann Williams testified last session and asked for a change to include other services. Gives Cottage Grove example of tax-foreclosed property donation to St. Vincent de Paul for rehabilitation, to use the property for housing and shops, but the use was not allowed under the statute.
028	Chair Lokan	Asks for clarification of the uses of the tax-foreclosed donated property.
030	Bieberle	Explains that the statute says property that was tax-foreclosed and donated to nonprofit, would cover housing social services. States that if the nonprofit was chartered to do something else, it could.
		Written testimony from James Torrey, Mayor of Eugene, received after the meeting, is submitted for the record (EXHIBIT D) .
037	Chair Lokan	Closes public hearing. Adjourns meeting at 10:20 a.m.

Submitted By, Reviewed By,

Susan M. Pettey, Pat Zwick,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ Housing, handout entitled "Housing Authority of Portland at a Glance," Denny West, 2pp.

**B ñ Housing, Community Services Consortium Mission Statement, Tom Clancey-Burns,
6 pp.**

Cñ HB 2090, written testimony, Robert Castagna, 10 pp.

D ñ HB 2090, written testimony, James Torrey, Mayor, City of Eugene, 1 p.