

HOUSE COMMITTEE ON AGENCY PERFORMANCE & OPERATIONS

February 23, 1999 Hearing Room E

8:00 a.m. Tapes 23 - 25

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 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 23, A		
002	Chair Lokan	Opens meeting at 8:07 a.m., and opens informational meeting.

INFORMATIONAL MEETING: OVERVIEW OF HOUSING PROGRAMS

018	Richard Meyer	Director, Association of Oregon Community Development Organizations (CDCs), of which six are also community action agencies (CACs).
028	Chair Lokan	Asks for an explanation of the differences in the two groups.
030	Meyer	Explains that a CAC is defined and funded by the federal government, a full social service organization. Explains that some CACs have a division that builds, known as a CDC. Notes that there are 60 CDCs in the State of Oregon.
073	Meyer	Comments this is private enterprise at its best, in partnership with state government. Mentions the importance of the Housing Trust Fund money in leveraging funds to the CDCs.
099	Gordy Jensen	Executive Director, HOPE Housing for PEople (HOPE), Hood River, Oregon. Submits and summarizes written testimony (EXHIBIT A). Explains history of the agency. Describes HOPE's mission as providing short-term relief and long-term solutions. Provides overview of programs administered by HOPE.
140	Jensen	States that HOPE has developed five affordable housing projects totaling 132 units. Focuses on providing affordable housing for 30% median income families. Comments on a recent housing study that shows that 40% of all households in the area served are low, very low, or severely low-income.
159	Jensen	Outlines the function of CDCs: <ul style="list-style-type: none">• Community-based• Financially prudent• Leverage major funding from public and private sectors
175	Chair Lokan	Asks if HOPE is linking with farm-worker housing.
179	Jensen	Describes completed farm worker housing projects, accounting for 40% of all projects. Talks about the increase in low-paying service-related jobs.
234	Chair Lokan	Asks when HOPE was organized.
236	Jensen	Replies that HOPE was incorporated as a 501(c)(3) nonprofit in 1990. Describes organization as nonprofit developers that do not generate cash flow or budgetary support.
263	Chair Lokan	Asks how many housing units have been funded by HOPE since its inception.
269	Jensen	Describes five housing developments, totaling 132 multi-family units, including

		a small six-unit development in White Salmon, Washington.
272	Chair Lokan	Asks for an approximate estimate of the cost of the units.
277	Jensen	Replies that two bedroom units range from \$350-\$360; market rate would be \$550-\$600. Describes three bedrooms as renting for \$410-\$450; market rate is \$650-\$700. Describes compliance with state guidelines.
297	Chair Lokan	Asks what income level qualifies for a two-bedroom unit.
301	Jensen	Replies it is 50%-60% median income limits. Describes median income for a family of four in Hood River County as \$34,500. Calculates that 50% is nearly half, so approximately \$19,000 yearly income for a family of four.
317	Chair Lokan	Asks how CDC construction costs compare to private-sector building.
316	Jensen	Opines that it is less per unit than private sector builders, because housing is basic.
336	Chair Lokan	Asks approximately how many dollars are spent on construction in a biennium.
346	Jensen	Describes two developments in the last two years that totaled approximately \$5 million.
348	Chair Lokan	Asks how many units were in the two developments.
353	Jensen	Replies there were 74.
360	Chair Lokan	Asks for explanation of funding, administrative costs, and source of funds.
365	Jensen	<p>Explains that all projects cycle through Oregon Housing & Community Services (OHCS) funding. Discusses:</p> <ul style="list-style-type: none"> • Twice-yearly application submission • State grant moneys and federal tax credits • Conventional banking partner, an equity investor to purchase tax credits
TAPE 24, A		
004	Jensen	Describes funding sources used to raise \$2.5 million for a 25-28 unit project. Consists of state grant money and state tax credits. Comments that a one-time developer fee can be taken out of the project to assist with administrative costs. Talks about a capacity building grant that provides 25%-35% of operational budget.

019	Chair Lokan	Asks for the source of the capacity building grant.
026	Jensen	Responds that the grant came from the Local Initiative Support Corporation.
027	Rep. Lowe	Asks if 25%-30% of operational costs of the project is for administration.
030	Jensen	Answers no. Explains that the capacity building money received is 25%-35% of operating expenses: payroll, office overhead, et cetera.
033	Rep. Lowe	Asks if centralized technical support is available to housing agencies.
044	Jensen	Responds that OHCS provides a substantial amount of assistance and direction to groups submitting applications.
049	Rep. Lowe	Asks if OHCS helps on 501(c)(3)s, and whether they coordinate projects.
051	Jensen	Responds that private developers find groups like HOPE to be the nonprofit sponsor of a project. Explains that every project must have a 501(c)(3) nonprofit sponsor.
060	Baruti Artharee	Director of Housing, Portland Development Commission (PDC). Submits documents (EXHIBIT B). Describes the agency as a funder of CDCs, other nonprofits, and for-profit developers. Discusses PDC history and structure.
117	Artharee	Refers members to Five-Year Business Plan (EXHIBIT B, pg i). Highlights agency goal of developing more than 7,750 housing units. References (EXHIBIT B, pg ii), organizations involved in partnership with PDC.
155	Artharee	Discusses five-year short-term goals (EXHIBIT B, pg. 1). Describes housing goals (EXHIBIT B, pg 15). Gives overview of agency responsibilities.
188	Artharee	Continues testimony. Focuses on key strategies derived from the Comprehensive Plan Housing Policy, which includes: <ul style="list-style-type: none"> • Community development and affordable housing • Growth management and livability • Expiring use/Section 8 housing preservation • Resource development initiatives
215	Artharee	Addresses asset management (EXHIBIT B, pg. 16) and housing development finance.
235	Artharee	Discusses neighborhood housing program (EXHIBIT B, pg. 16), and the escalating cost of land. Outlines five-year housing program goals (EXHIBIT B, pg. 17).

258	Artharee	Refers to budget overview (EXHIBIT B, pg. 18). Explains revenue sources and expenditures.
288	Chair Lokan	Asks when PDC was established.
290	Artharee	Replies that the city council created PDC in 1958, and the agency began functioning in 1959.
293	Rep. Lowe	Asks if housing projects on Martin Luther King (MLK) in Portland are tax-increment financing.
301	Artharee	Responds that the projects were a combination of city financing, which involved some tax-increment dollars, but the majority of funds came from the Oregon Housing and Community Services Department (OHCSA) in the form of federal tax credits. Mentions that Governor Kitzhaber formed a community solutions team of inter-agency representatives that focuses on geographic target areas. Notes that MLK was chosen by the Governor almost three years ago, which facilitated a flow of dollars from other sources, not just housing, such as DEQ, to clean up the environment.
319	Rep. Lowe	Comments that the neighborhood is excited about changes. Commends PDC for their good work. Expresses curiosity about how the stock in affordable housing has changed over the last 20 years. Asks for comment or direction. Inquires whether there was a higher percentage of affordable housing 20 years ago than is currently available.
335	Artharee	Opines several things have happened over the past three years. Refers to northeast Portland vacancy rate relative to land value appreciation. Discusses median home price and median family income in Portland area. Opines that condominiums will be the new first-time home purchase. Discusses the fair share affordable housing issue.
390	Chair Lokan	Asks what income level qualifies for affordable housing.
396	Artharee	Addresses HUD definition as 80% of median family income. Indicates that for a Portland-area family of four, the figure is around \$40,000. Separates the two terms: low-income housing and affordable housing. Defines affordable housing as paying 30% of income for housing, including utilities and repairs. Explains jobs/housing balance. Describes the most vulnerable populations as seniors, disabled, and fixed-income, which fall into the category of very low-income, 0-30% median family income. Comments that households are federally subsidized by the Section 8 program. Explains those units are at-risk if the properties turn over and go into the market, because there is no other housing available for this population.
TAPE 23, B		
036	Artharee	Describes the closure of the Roosevelt Hotel where 58 seniors were put out of homes, some disabled. Notes that it took more than a year to find homes for

		everyone. Discusses the Hamilton 2 Project, where the City of Portland provided \$6 million in general funds, serving families with up to 40% of median income.
048	Chair Lokan	Asks if senior and disabled are low-income groups.
050	Artharee	Classifies 0-30% as very low income; 30-60% as low income. Describes over 60% as moving into the affordable arena.
058	Chair Lokan	Asks which group is the agency emphasis.
067	Artharee	Replies that the less-than 60% of median family income is where the resources are targeted.
083	Chair	Asks if the state fits into the revenue stream of funds.
086	Artharee	Responds that the state is the most important partner. The OHCSO is a major funder. Describes OHCSO twice-a-year, consolidated funding cycle for applications to various programs, grants, and federal resources.
129	Artharee	Comments that Governor Kitzhaber said that state government should be a tool to help Oregonians to achieve their aspirations.
158	Diane Luther	Executive Director, Northwest Housing Alternatives (NHA). Submits written testimony and summarizes (EXHIBIT C) . Comments that NHA is located in Chair Lokan's district. Describes the agency as a statewide CDC, with properties in 13 counties.
244	Luther	Addresses and explains the following housing programs: <ul style="list-style-type: none"> • Annie Ross House Family Homeless Shelter • Affordable multi-family projects/ preservation of at-risk properties • Special needs housing • Home ownershipship
281	Chair Lokan	Asks if the properties described are within the Community Land Trust (CLT).
283	Luther	Responds affirmatively.
285	Chair Lokan	Asks how the CLT operates.
287	Luther	Explains the purpose of the CLT is to facilitate home ownership. Notes that the CLT is a 501(c)(3) nonprofit organization with a community-based board of directors that acquires land and keeps it in perpetuity. Provides affordable home ownership opportunities by leasing the land to the home owner. States that the home owner is able to own the home and lease the land. Explains that by taking

		the land out of the deal, home ownership is affordable. Describes how the land is removed from the speculative market, so it does not contribute to the appreciation problem.
304	Chair Lokan	Asks if the housing is single-family dwellings.
307	Luther	Replies that it could be any type of home ownership.
309	Rep. Lowe	Asks about CLT acquisitions in Clackamas County.
314	Luther	Comments that there are CLTs nationwide, but currently taking hold in Oregon. Mentions Ashland, St. Helens, Northeast Portland, Eugene, and Bend.
360	Rep. Lowe	Asks if the community owns the land after acquisition.
TAPE 24, B		
014	Luther	Answers yes.
018	Rep. Lowe	Asks for clarification regarding taxes. Inquires as to how taxes are assessed.
025	Luther	Responds that the issue of property taxes is just being addressed. Mentions a bill that Sen. Duncan is drafting for NHA. Comments that if the land trust owns the land, the land trust pays the taxes. Explains that the home owner makes a small land-lease payment to the CLT, in addition to paying taxes on the value of the house.
023	Chair Lokan	Asks about the source of funding for NHA.
025	Luther	Describes funding from the Enterprise Foundation, Washington Mutual, Fannie Mae Foundation, and the Institute for Community Economics. Indicates that state funds are provided for housing projects, but not operating support.
060	Luther	Urges members to support funding initiatives for the homeless program, funding for the Housing Trust Fund, and to look at matching corporate funds that could support CDCs statewide.
062	Peter Hainley	<p>Community and Shelter Assistance Corporation (CASA) of Oregon. Submits written testimony and summarizes (EXHIBIT D). States that the agency focuses on three areas of housing:</p> <ul style="list-style-type: none"> • migrant and seasonal housing ñ current project focuses on Canby where the income level is below 35% of median income, \$12,000 a year or less. • multi-family rental housing ñ 600 units developed statewide. Aloha project, income level is less than 25% of median income.

		<ul style="list-style-type: none"> • single-family home ownership
164	Rep. Lowe	Asks if members can facilitate land acquisition for low-income housing.
175	Hainley	Comments that Sen. Courtney is introducing legislation to form a task force to look at migrant worker housing statewide. Explains the need to build housing in exclusive farm use (EFU) zone. Claims that 90-95% of labor camps are operating illegally.
201	Rep. Lowe	Asks if Mr. Hainley is aware there is a yurt bill "out there."
207	Hainley	Comments that the yurt is a cost-effective idea. Describes problems with land use and zoning. Opines that yurts are not durable housing.
223	Rep. Lowe	Asks for a description of yurts.
216	Hainley	Describes yurt shelters as affordable, easy to set up, easy to move.
225	Chair Lokan	Comments that yurts are temporary housing.
228	Rep. Piercy	Notes that yurts are currently available in state parks.
260	Kent Haworth	Volunteer, Linn County Affordable Housing. Submits written testimony (EXHIBIT E and F) . Comments that the agency is a rural CDC. Discusses agency function. Describes various projects.
312	Haworth	Discusses home ownership program and funding sources. Talks about preservation units recently purchased by the agency in Sweet Home.
357	Chair Lokan	Asks if it is more cost-efficient to rehabilitate preservation units as compared to new construction.
359	Haworth	Responds affirmatively, and elaborates on costs.
395	Mary Hanlon	Network for Oregon Affordable Housing (NOAH). Submits written document (EXHIBIT G) . Summarizes agency function, funding sources, and projects.
459	Lokan	Asks about interest rates.
TAPE 25, A		
039	Hanlon	Responds that NOAH is offering 7.75%, and can do a forward fixed rate for 15

		months, which allows multi-financing sources.
046	Jeanne Olson-Myers	Vice President, Developmental Disability Services, Albertina Kerr Centers. Describes the agency as a nonprofit human services organization based in Portland. Submits written testimony (EXHIBIT H). Gives overview of agency function.
099	Olson-Myers	Continues overview of agency function.
133	Olson-Myers	Comments that the major challenge currently is the wage issue. Urges support of efforts to increase funding for staff wages in the developmentally disabled community.
160	Chair Lokan	Asks about the source of Albertina Kerr Centers' funding.
166	Olson-Myers	Responds that most funding is provided by the state.
171	Chair Lokan	Asks for budget figures.
173	Olson-Myers	Responds that the budget is roughly \$10 million. Supports 400 FTEs.
176	Chair Lokan	Asks what portion of the \$10 million is provided by the state.
179	Olson-Myers	Replies, 100%.
176	Chair Lokan	Asks about potential sources for funding other than from the state.
182	Olson-Myers	Describes efforts to access other funding sources.
186	Chair Lokan	Closes informational meeting. Adjourns meeting at 10:15 a.m.

Submitted By, Reviewed By,

Susan M. Pettey, Pat Zwick,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ Housing programs, written testimony, Gordy Jensen, 5 pp.

B ñ Housing programs, Portland Development Commission, Five-Year Business Plan, Baruti Artharee, 98 pp.

C ñ Housing, written testimony and brochures, Diane Luther, 14 pp.

D ñ Housing, written testimony, Peter Hainley, 4 pp.

E ñ Housing, newsletter, Kent Haworth, 3 pp.

F ñ Housing, photograph, Kent Haworth, 1 p.

G ñ Housing, booklet, Mary Hanlon, 10 pp.

H ñ Housing, written testimony, photographs and brochure, Jeanne Olson-Myers, 31 pp.