

HOUSE COMMITTEE ON AGENCY PERFORMANCE & OPERATIONS

March 18, 1999 Hearing Room E

8:30 a.m. Tapes 37 - 38

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

MEASURE HEARD: HB 2662 Public Hearing

HB 2023 Public Hearing and Work Session

HB 3453 Public Hearing

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 37, A		
004	Chair Lokan	Opens meeting at 8:30 a.m., and opens public hearing on HB 2662.

HB 2662 PUBLIC HEARING

014	Pat Zwick	Committee Administrator. Summarizes provisions of HB 2662. Explains effect of n1 amendment.
043	Rep. Simmons	Representative, House District 58. Testifies in support of HB 2662. Acknowledges HB 2662 needs additional work. Describes conflict between local rental owners and the housing authority in the community of LaGrande.
066	Leslie Hasse	Member, Northeast Oregon Rental Owners' Association (NOROA), and a resident of LaGrande. Speaks in support of HB 2662. Describes consequences of affordable housing project in LaGrande. Indicates that an independent market survey shows that 50% of the current available apartment housing in LaGrande is subsidized.
080	Hasse	Claims that any new developments would create vacancies in the existing housing stock currently managed by the housing authority. Comments that in a housing authority report measuring standards, the current rating is a C-average for occupancy.
106	Chair Lokan	Asks for clarification of the rating.
111	Hasse	Responds that the rating is based on the number of vacancies in the units managed by the housing authority.
126	Rep. Montgomery	Asks if NOROA has subsidized housing.
133	Hasse	Describes rental owners' participation in Section 8 certificate and voucher program. Works with the housing authority to provide housing under their program.
138	Rep. Montgomery	Asks who provides oversight.
143	Hasse	Responds that decisions come from the Board of Commissioners for the Northeast Oregon Housing Authority.
149	Rep. Knopp	Asks for the cost of the market study, and who performed it.
153	Shawn Miller	Oregon Rental Housing Association. Responds that the market study was done by a firm in Bend at a cost of \$7,500, and paid for OHCS. Acknowledges HB 2662 will be costly. Discusses alternatives. Suggests that the state provide mediation.
192	Rep. Piercy	Asks for clarification of the situation in LaGrande.

196	Miller	Comments that housing developments are built with best intentions. Suggests the entire community be considered when housing is built. Attributes the problems in LaGrande to lack of communication.
217	Hasse	Details difficulties in resolving the situation in LaGrande.
239	Chair Lokan	Asks who Hasse worked with in LaGrande.
245	Hasse	Believes that the director of the housing authority proposed the project, and brought it before the board of commissioners, who approved the project.
249	Chair Lokan	Asks if it was a joint decision by the full board.
253	Hasse	Responds she does not know. Describes make-up and vote of the board.
259	Chair Lokan	Asks how large is the project.
262	Hasse	Responds that the project contains 110 units, single and multi-family.
265	Chair Lokan	Asks if the project was proposed as a result of growth.
268	Hasse	Replies that the housing authority claims they had a waiting list
273	Rep. Piercy	Asks if the disagreement was about the excess of housing units in the community.
278	Hasse	Describes efforts to show current housing stock was oversupplied for the existing population. Comments that this plan creates a stigmatized low-income neighborhood. Favors integrating low-income housing throughout neighborhoods.
307	Rep. Piercy	Asks if the proposed project was less expensive than the current housing stock.
310	Hasse	Responds that the current housing stock would be available for market value or less. Explains the difference was a five-year lease plan for phase one of the project. Comments that the same lease plan could be provided in pre-existing homes.
328	Rep. Kruse	Asks if Mr. Miller is talking about adding language that would create trigger points for this study to happen.
332	Miller	Responds affirmatively. Describes ways to make acquisitions of the current stock to be converted to low-income housing. Comments on the results of the market

		study. Addresses the fact this project was not financed with state money, but uses Section 8 vouchers.
370	Rep. Piercy	Asks for the position of the City of LaGrande regarding the proposed housing project.
373	Hasse	Replies that the city is looking at the subdivision process, but has not taken an official position. Adds that the city does not dispute the housing need.
383	Rep. Lowe	Asks if the project was proposed by a private developer .
393	Hasse	Responds that the developer is the Northeast Housing Authority.
398	Rep. Lowe	Asks if the housing authority has done an independent market study.
401	Hasse	Responds that they've done a "small one."
404	Rep. Lowe	Asks how the housing authority came to their decision.
414	Hasse	Claims that the housing authority based its decision on their waiting list, which they admit has duplications.
418	Rep. Lowe	Inquires if a flawed waiting list created this whole process.
420	Hasse	Responds that the housing authority has admitted there are duplications on the list.
423	Rep. Lowe	Asks about market conditions that triggered the proposed project.
425	Hasse	Believes the availability of funds spurred the project.
430	Rep. Lowe	Asks if the driving force was the existing program.
435	Rep. Lowe	Responds that the driving force was the "building of the program."
437	Rep. Knopp	Asks if there is vacant housing available that could be utilized at lower cost than building a new project.
451	Hasse	Describes the housing market in LaGrande as soft, resulting in a large availability of existing homes.

TAPE 38, A

046	Rep. Simmons	Comments that having enough money available to build a project is not sufficient justification to build another project without a comprehensive analysis.
049	Rep. Montgomery	Asks about amendments.
050	Chair Lokan	Explains that a group is working on amendments.
055	Rep. Montgomery	Comments that the committee is hearing the issue on a "ghost bill." Notes that people in Eastern Oregon must have decent wage jobs to eliminate the need for subsidized housing.
061	Peter Grundfossen	Association of Housing Authorities. Opposes HB 2662. Submits written testimony and reads (EXHIBIT A) . Claims there is no interest in continuing the conflict between the housing authority and the NOROA.
111	Grundfossen	Suggests the legislature set it up its own style of Section 8 vouchers to subsidize rents.
141	Grundfossen	Describes efforts by the director of the housing authority to provide affordable housing.
180	Grundfossen	Explains that the older housing stock in LaGrande would require costly repair and maintenance.
196	Chair Lokan	Asks if the director of the housing authority had full support from the commission.
202	Grundfossen	Responds that he does not know at which point the director informed the commission of her activities.
216	Grundfossen	Continues to describe the director's activities. Explains Union County's objections to her activities.
242	Grundfossen	Assures members he will work with the requesters of the bill, Rep. Simmons, and with Oregon Housing & Community Services (OHCS) to amend the bill.
252	Rep. Montgomery	Expresses disappointment with this statement in the written testimony (EXHIBIT A) : "I think that legislative counsel in drafting the bill took his or her instructions from the requester a little too seriously." Comments that all requests must be taken seriously.
256	Grundfossen	Explains his intention was tongue-in-cheek.

260	Rep. Close	Comments that the federal government has created this situation by destroying the timber industry through the Northwest Forest Plan. Adds that when state government says it will provide housing, it appears to be destroying the private building and rental industry.
276	Grundfossen	Replies that he cannot speak to the causes of the decline in the economy in Union County. Stresses the complexity of the situation. Addresses income/housing issue.
283	Rep. Close	Asks if government intervention is causing people to be poor.
287	Grundfossen	Responds that the reason people are poor is unimportant.
296	Bob Repine	Director, Oregon Housing & Community Services (OHCS). Speaks in support of HB 2662. Explains the significance and cost of a market study.
333	Repine	Continues testimony regarding the cost of market studies. Explains the OHCS funding cycle, and how it relates to the market study and costs.
385	Repine	Talks about effectiveness of surveys. Suggests there is a process to be created that can assist in eliminating the problems in LaGrande.
412	Chair Lokan	Asks about using existing housing stock versus building more.
423	Repine	Addresses direct and indirect reasons to examine existing housing stock as a resource.
TAPE 37, B		
030	Repine	Continues testimony regarding existing housing stock.
041	Rep. Piercy	Asks about lending partners making funds available to rehabilitate aged housing.
049	Repine	Replies that lending partners understand the value of rehabilitating existing housing stock.
056	Rep. Knopp	Comments that Mr. Grundfossen testified that lower-income people would have difficulty affording maintenance and repairs in older homes.
063	Repine	Replies that the older housing stock may be inferior housing for families. Adds that every housing opportunity is a potential for a family.
071	Kruse	Acknowledges 30% of median income is a federal standard. Asks if information

		is available regarding the median income for housing for other industrialized countries worldwide.
082	Repine	Offers to provide that information, and also the methodology of the federal government guideline of 30% median income.
096	Chair Lokan	Closes the public hearing on HB 2662, and opens the public hearing on HB 2023.
<u>HB 2023 PUBLIC HEARING</u>		
101	Zwick	Explains provisions of HB 2023. Submits written testimony in support of HB 2023 from Linda Ludwig, League of Oregon Cities, received prior to the meeting (EXHIBIT B) . Submits document entitled "HB 2023 Municipal Audit Program" (EXHIBIT C) .
127	Jennifer Miller	Special Districts. Speaks in support of new amendments.
137	John Lattimer	Director of Audits, Secretary of State. Speaks in support of HB 2023.
146	Chair Lokan	Comments on new fee schedule. Closes public hearing on HB 2023, and opens work session.
<u>HB 2023 WORK SESSION</u>		
150	Rep. Montgomery	MOTION: Moves to ADOPT HB 2023-1 amendments dated 3/16/99.
158	Rep. Close	Asks if the fees are appropriate.
161	Lattimer	Replies that the fee schedule helps spread the cost, and also funds the audit function.
169	Chair Lokan	Comments on positive revenue effect.
		VOTE: 8-0
		Chair Lokan
		Hearing no objection, declares the motion CARRIED.
190	Rep. Montgomery	MOTION: Moves HB 2023 to the floor with a DO PASS AS AMENDED recommendation.

193	Rep. Knopp	Indicates opposition to HB 2023. States desire to hear constituent feedback on HB 2023.
199	Chair Lokan	Asks if any contact has been established with constituents, or any attempt made. Reminds members that HB 2023 will go to the floor in a few days.
205	Rep. Knopp	Indicates he will attempt to contact constituents.
210	Rep. Lowe	Concurs with Rep. Knopp, but will vote aye to move HB 2023 out of committee. Indicates she may not vote favorably on the floor.
215	Chair Lokan	Requests she be informed of Rep. Lowe's position by tomorrow.
219	Rep. Kruse	Comments that an entity with a budget of \$50 million that has trouble with a \$400 fee is in some serious trouble.
221		VOTE: 7-1 AYE: 7 - Close, Gardner, Kruse, Lowe, Montgomery, Piercy, Lokan NAY: 1 - Knopp
	Chair	The motion CARRIES. REP. GARDNER will lead discussion on the floor.
237	Chair Lokan	Closes work session on HB 2023, and opens the public hearing on HB 3453.
<u>HB 3453 PUBLIC HEARING</u>		
242	Zwick	Summarizes provisions of HB 3453. Submits written testimony in support of HB 3453 from David W. Plunkett, Executive Director, Oregon Board of Optometry, received prior to the hearing (EXHIBIT D). Submits written testimony in support of HB 3453 from Jeanette Bartel, Board of Architect Examiners, received prior to the hearing (EXHIBIT E).
280	Ed Graham	Executive Secretary, State Board of Examiners for Engineering & Land Surveying. Speaks in support of HB 3453. Submits and summarizes written testimony (EXHIBIT F).

331	Leslie Clement	Administrator, State Landscape Architect Board. Speaks in support of HB 3453. Submits written testimony (EXHIBIT G).
366	Susanna Knight	State Board of Geologist Examiners. Speaks in support of HB 3453. Submits written testimony and summarizes (EXHIBIT H).
384	Sharron Walker	Deputy Director, Audits Division, Secretary of State. Takes neutral position on HB 3453. Submits audit reports (EXHIBIT I). Describes audit provisions and costs for small boards and commissions. Addresses performance requirements and related costs.
TAPE 38, B		
052	Walker	Continues testimony regarding self-reporting.
097	Rep. Close	Asks for clarification of self-reporting process.
099	Walker	Explains the audit process for review and evaluation.
103	Rep. Close	Asks how easy it is to "hide" money with the self-reporting system.
107	Walker	Comments that even in a routine audit, hidden money may or may not be found. Explains that an audit does not examine every transaction.
122	Chair Lokan	Asks for time period for doing a performance and program audit.
127	Graham	Replies that it occurs on a biennial basis, and is presented to the legislature at the opening of session.
131	Chair Lokan	Asks if self-reporting could come before the Joint Legislative Audit Committee.
135	Graham	Responds that the Board of Engineers is prepared to report to the joint interim committee at any time.
140	Chair Lokan	Reads from HB 3453, Section 9, "Not later than the first day of each regular session of the legislative assembly, the board shall submit a report."
150	Chair Lokan	Closes hearing on HB 3453, and adjourns the meeting at 10:25 a.m.

Submitted By, Reviewed By,

Susan M. Pettey, Pat Zwick,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ HB 2662, written testimony, Peter Grundfossen, 4 pp.

B ñ HB 2023, written testimony, Linda Ludwig, League of Oregon Cities, 1 p.

C ñ HB 2023, audit document, staff, 1 p.

D ñ HB 3453, written testimony, David Plunkett, 1 p.

E ñ HB 3453, written testimony, Jeanette Bartel, 1 p.

F ñ HB 3453, written testimony, Ed Graham, 1 p.

G ñHB 3453, written testimony, Leslie Clement, 1 p.

H ñ HB 3453, written testimony, Susanna R. Knight, 1 p.

I - HB 3453, audit reports, Sharron Walker, 91 pp.