

**PUBLIC HEARING REPORT FROM**  
**LOW INCOME HOUSING WORK GROUP**  
**PUBLIC HEARING: HB 3600, HB 3207, HB 3211, HB 2090, HB 2087**  
**TAPES 142-A, 143-A**

## **HOUSE REVENUE COMMITTEE**

**APRIL 21, 1999 ñ 9:30 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING**

---

Members Present: Rep. Ken Strobeck, Chair

Rep. Anitra Rasmussen, Vice Chair

Rep. Deborah Kafoury

Rep. Jeff Merkley

Rep. Diane Rosenbaum

Rep. Lane Shetterly

Rep. Jim Welsh

Rep. Max Williams

Rep. Bill Witt

Staff: Paul Warner, Legislative Revenue Officer

Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Ed Waters, Economist, Legislative Revenue Office

Barbara Guardino, Committee Assistant

Witnesses: Rollie Wisbrock, Oregon Treasury

Jon Chandler, Oregon Building Industry Association

Richard Meyer, Association of Oregon Community Development Organizations

Genoa Ingram, Oregon Association of Realtors

Susan Lee, Multnomah County

Tracy Strickland-Lehto, Human Solutions

Mara Windstar, Multnomah County

Roberto Franco, Farm Worker Housing and Development Corporation, Woodburn

Richard Weinman, City of Eugene

Michael Saba, City of Portland

Mark Landauer, City of Portland

Norton Cabell, Oregon Rental Housing Association

Lynn Schoessler, Housing & Community Services

William White, Housing Development Center, Multnomah County

Martha McLennan, City of Portland

Peter Grundfossen, Association of Oregon Housing Authorities

**TAPE 142, SIDE A**

010 Rep. Shetterly Called meeting to order at 9:35 a.m. Opened public hearing on HB 3600, HB 3207, HB 3211, HB 2090, and HB 2087.

**PUBLIC HEARING ñ HB 3600, HB 3207, HB 3211, HB 2090, HB 2087**

035 Rep. Merkley See Proposed Housing Agenda (**EXHIBIT 1**). Affordable housing has become more of a challenge, as housing costs have increased dramatically over the last 10 years. The state has traditionally been uninvolved in housing policy, but is becoming more involved. These proposals will advance the state's ability to address issue of affordable housing.

Proposal # 1: HB 3600 ñ Individual Development Accounts (IDAs)

Proposal # 2: HB 3207 -- \$5 document fee for affordable housing

Proposal # 3: HB 3211 ñ Expanded Property Tax Exemption for Multi-family Housing

Proposal # 4: HB 2087, HB 2090 ñ Extended Sunset Clauses on Tax Credit 1.131 and Exemption 2.028

085 Rollie Wisbrock Spoke in support of HB 3600. State treasurer conducted task force to look at savings and investment issues in Oregon. The task force found that Oregonians are ill-prepared for their old age, perhaps less than rest of nation. Lower rate of home ownership than other states. Treasury is also concerned Oregon has the fourth highest level of non-mortgage (credit cards, cars, etc.) debt. Seven out of 10 Oregonians have no clue about how to prepare for retirement. Wall Street supports Individual Development Accounts (IDAs).

148	Jon Chandler	Spoke in support of HB 3207-1 amendments and HB 3600-1 amendments.  (See proposed amendments, <b>EXHIBITS 3 and 5</b> ). Expressed concern that legislature has not focused on affordable housing. Oregon has some of the highest housing prices in the country, and home ownership is the fifth worst. Both situations are correctable. These two amendments will help.
174	Genoa Ingram	Oregon Association of Realtors supports funding for affordable housing. Has met with Rep. Merkley concerning recording fees. Would like to see a review of program set up for next legislative session to assure that the money being used efficiently. OAR will not oppose this bill, but others in the original business community believe the original \$11 recording fee is too high and might oppose an increase.
202	Richard Meyer	Association of Oregon Community Development Organizations supports affordable housing package, particularly the IDA proposal.
230	Susan Lee	Spoke in support of HB 3600, IDAs, which would help the working poor save for advanced education, home ownership, and small business capital. Multnomah County is working on a pilot project with Human Solutions that helps people save.
255	Tracy Strickland-Lehto	Spoke in support of HB 3600. See letter of testimony from Babette A. Perkins, <b>EXHIBIT 6</b> . Coordinates IDA program for Human Solutions in Portland. Main difference between low-income people and others is money, both cash and assets. A family with assets can address a crisis. Society works in favor of those with assets; but against those without money trying to build assets. IDA helps address this inequity. Human Solutions recognizes need for low-income families to build assets by matching funds. Is working to expand its IDA program. Urged lawmakers to pass HB 3600.
328	Mara Windstar	Has an IDA. Is single and disabled. With IDA she has been able to start a home-based business. IDA offers experience and knowledge in addition to savings. This bill will put hope back into lives of the hopeless.
384	Roberto Franco	Farm Worker Housing & Development Corporation provides affordable housing to farm workers. Owns and manages 104 rental apartments. Spoke in favor of HB 3600. Three reasons: <ol style="list-style-type: none"> <li>1. IGA would help farm workers to improve their lives by building assets</li> <li>2. Would give them alternatives to farm work, by opening small businesses or furthering their education</li> <li>3. Families can move from rental housing into home ownership</li> </ol>

**TAPE 143, SIDE A**

010	Richard Weinman	Spoke in support of HB 2090 ( <b>EXHIBIT 7</b> ) and HB 3211 ( <b>EXHIBIT 8</b> ) on behalf of City of Eugene.
-----	-----------------	--

HB 2090 is a property tax exemption that allows local governments to have a choice. In order to serve 10,000 low income households in Eugene-Springfield area, city needs to do some extraordinary things. Without a property tax exemption, rent increases \$100. Trying to achieve rents under \$300 to get people out of cycle of poverty.

042	Weinman	HB 3211 deals with local control. Bill provided a needed incentive for housing development in the core area of cities or in transit demand areas. It gives local governments to adopt provisions for exemptions.
063	Weinman	Correction on written testimony: Both say there are 23 property tax exemptions approved in Eugene. Correction: 17.
076	Mark Landauer	Expressed support for HB 3211 on behalf of City of Portland.
080	Michael Saba	<p>Spoke in support of HB 3211. See written testimony <b>(EXHIBIT 9)</b> paraphrased. Bill adds minor modifications to Oregon statutes that have been in effect since 1975. Allows local communities to provide limited property tax exemptions for various kinds of housing activities.</p> <p>Amendments would promote preservation of publicly subsidized low income rental housing. City of Portland is concerned about Section 8 and other subsidies that are due to expire. City of Portland encourages long-term affordability of subsidized housing. Bill allows cities to use the limited property tax exemption as an incentive to keep these properties as affordable housing.</p>
139	Norton Cabell	Spoke in support of HB 3211. Government-sponsored housing initiatives needn't be viewed as competing with private sector. Affordable housing projects from this bill will support and complement private housing efforts. The private market cannot and will not provide housing for all segments of population. Government must play a critical role.
161	Lynn Schoessler	<p>Spoke in support of HB 2090. Local option for property tax exemption. Results in reduction of rental rates up to \$100 per month per unit.</p> <p>Spoke in support of HB 2087, affordable housing tax credit. Two key points:</p> <ol style="list-style-type: none"><li>1. Bill extends current sunset for 10 more years.</li><li>2. Increases amount of tax credits from \$4 million to \$5 million, which raises the threshold for loans from \$100 million to \$125 million. Result is lender can reduce interest rate, resulting in rental reduction.</li></ol>
191	Schoessler	<p>Spoke in support of HB 3207. Would like to see clarification of where the money goes.</p> <p>Spoke in support of HB 3600. IDA program complements other programs.</p>
210	Rep. Merkley	Responded to comments that 90% of funds are not earmarked. That was done deliberately

so departments can make judgement about which programs serve the public best.

- 232 William White Housing Development Center develops affordable housing. More than 120,000 households in Oregon need affordable housing. Trend with housing prices has risen steeply, while personal income has remained flat, resulting in a much more pressing problem today than 10 years ago. Statewide, 60 organizations work to develop affordable housing. These groups don't have enough resources. Demand is clearly increasing.
- HB 3207, filing fee, would be first significant increase in state funds for this purpose. HB 3600 builds assets for low-income families. HB 3211 tax abatement. HB 2087, private lending. All of these bills are important, interrelated parts to address this problem.
- 308 Martha McLennan There is an affordable housing crisis in Portland and throughout Oregon. Challenges to address these problems require a broad array of tools and strategies. The bills today help address the problems. Requested expansion of Lender's Tax Credit, tax abatement, new resources in form of recording fee, and support for the donation of tax foreclosed properties. City of Portland supports all five bills.
- 350 Peter Grundfossen Association of Oregon Housing Authorities supports these bills. Discussed HB 3207 and its amendments (document fee). State Association of Realtors and Oregon Builders agree on this bill. They rarely agree on bills. Now they realize that the housing crisis is so bad that they agree. There is "no silver bullet" to finding answers to poverty. This package will go a long way to help.
- 394 Vice Chair Rasmussen Expressed appreciation for the willingness of realtors and builders to step forward to help.
- 419 Chair Strobeck Closed public hearings. Adjourned meeting at 10:25 a.m.

Submitted by, Reviewed by,

Barbara J. Guardino Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. HB 3600, Merkley, Proposed Housing Agenda, 1 p.
2. HB 3600, Waters, Revenue Impact of Proposed Legislation, 1 p.
3. HB 3600, Chandler, Proposed Amendments to House Bill 3600 (HB 3600-1), 1 p.

4. HB 3207, Martin-Mahar, Revenue Impact of Proposed Legislation, 1 p.
5. HB 3207, Chandler, Proposed Amendments to House Bill 3207 (HB 3207-1), 4 pp.
6. HB 3600, Strickland-Lehto, letter from Babette A. Perkins, 1 p.
7. HB 2090, Weinman, Testimony before the House Revenue Committee by Richard Weinman, Housing and Neighborhood Manager, City of Eugene, 2 pp.
8. HB 3211, Weinman, Testimony before the House Revenue Committee by Richard Weinman, City of Eugene, 1 p.
9. HB 3211, Saba, City of Portland, Oregon, Bureau of Planning, Testimony by Michael Saba, 2 pp.
10. HB 3211, Martin-Mahar, Revenue Impact of Proposed Legislation, 1 p.
11. HB 3211, Kafoury, Proposed Amendments to House Bill 3211 (HB 3211-1), 2 pp.
12. HB 3211, Martin-Mahar, Legislative Fiscal Office, No Expenditure Impact, 1 p.
13. HB 2090, Martin-Mahar, Revenue Impact of Proposed Legislation, 1 p.