

Public Hearing: HB 3170
Work Session: HB 3478
HB 2423
Tapes 96-97 A/B

HOUSE COMMITTEE ON
HOUSE REVENUE AND SCHOOL
FINANCE
PROPERTY TAX SUBCOMMITTEE

MAY 5, 1993 8:00 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Representative Tom Brian, Chair
Representative Mike Burton
Representative Margaret Carter
Representative Fred Girod
Representative Delna Jones
Representative Jim Whitty
Witnesses Present: Peter Grundfossen,
Association of Oregon
Housing Authorities
Susan Wilson, Executive Director of the
Housing Authority, Washington County
Mickey Clay, Lutheran Office on Public Policy
Dennis Mulvihill, Washington County
Emily Cedarleaf, Multi-Family Housing Council
Frank Brawner, Oregon Bankers' Association
Paul Cosgrove, Northwest Ethanol Fuel
Association
Gary Whitten, Chief Scientist for Systems
Applications, Inc.
Olivia Clark, Department of Environmental
Quality

Staff: James Scherzinger, Legislative Revenue Officer
Terry Drake, Legislative Revenue Office
Steve Meyer, Legislative Revenue Office
Paula McBride, Committee Assistant

TAPE 96 SIDE A

011 CHAIR BRIAN called the meeting to order at 8:21, and he informed the members of changes in the agenda.
034 CHAIR BRIAN opened the Public Hearing on HB 3170.
056 PETER GRUNDFOSSEN testified in support of HB 3170, which he

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House Committee
on

Revenue and School Finance Property Tax Subcommittee May 5, 1993 Page 2

believed was an important bill. HB 3170 related to "mixed income housing," and the purpose of it was to allow the Housing Authority to rent units to moderate income individuals in order to subsidize lower-income units, particularly because the supply of affordable low-income housing was "extraordinarily scarce in Oregon." He related that in spite of the Housing Trust Fund, there has not been enough money in Oregon to produce the number of housing units necessary. He talked about other people who would testify in support of HB 3170. Exhibits 1-3

Questions and
discussion

113 PETER GRUNDFOSSEN related that he was requesting through HB 3170 that the definition of "low-income" be changed. He said the current standard was quite complicated. He referred to an amended version of HB 3170 submitted with his testimony. Exhibit 2

Questions and
discussion

138 PETER GRUNDFOSSEN gave a brief history of Housing Authorities in Oregon, including an exploration of their purposes and responsibilities. Housing Authorities get Federal money to house low-income citizens who are in a variety of life's circumstances. He referred to a handout that explored "Current Service Eligibility Standards," specifically concerning Salem. He explained that Federal law allows individuals to stay in low-income housing if they begin to earn more than 80% of median income, and HB 3170 would allow this to occur in Oregon. He explained the benefits of this change, again stressing that allowing people with higher incomes to stay in low-income units would help subsidize the low-income housing.

Exhibit 4

Questions and
discussion

385 PETER GRUNDFOSSEN reiterated the reasons why low-income housing was needed Oregon, and why HB 3170 would help with this housing need.

TAPE 97 SIDE A

002 PETER GRUNDFOSSEN continued his testimony in support of HB 3170. He emphasized that HB 3170 was "enabling legislation" that did not require anything of local governments. HB 3170 would be available for communities who believed it was helpful. He talked about Section 1 of HB 3170. Exhibit 1 and 2

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House Committee

on

Revenue and School Finance Property Tax Subcommittee May 5, 1993 Page 3

033 PETER GRUNDFOSSEN explained Section 2 of HB 3170, which he believed was "the heart of the bill" as it would allow housing

authorities to house people who earn more than 80% of median income

to help finance the other units in a project. Exhibit 2

040 PETER GRUNDFOSSEN talked about Sections 3 and 4 of HB 3170. Section 4 related to housing projects financed by housing authorities but not owned by them, and this section was submitted as an amendment from the House Human Services Committee. He explained why this section was requested.

Exhibit 2

Questions and discussion

076 SUSAN WILSON related that Washington County had requested HB 3170. She talked about the development of low-income housing units in Washington County, specifically concerning "mixed-income" projects. She mentioned legal restrictions on housing projects in her area, and the Housing Authority's approach within those parameters.

Questions and discussion

126 SUSAN WILSON discussed Federal restrictions on low-income housing units.
Questions and discussion

162 PETER GRUNDFOSSEN clarified the relationship of Federal regulations to

the housing authorities in Oregon, relating to who can occupy low-income housing units. He also talked about bonding standards as related to private investors for low-income housing, and Federal restrictions for these projects.

Questions and discussion

215 PETER GRUNDFOSSEN talked about the people who populate low-income housing units.

Questions and discussion

235 PETER GRUNDFOSSEN clarified that HB 3170 would apply to new projects only, not units that already exist. HB 3170 was envisioned as helping create new low-income housing projects, not to displace people who were already in such projects.

Questions and discussion

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House Committee on

Revenue and School Finance Property Tax Subcommittee May 5, 1993 Page 4

269 PETER GRUNDFOSSEN believed Section 5 in HB 3170 was redundant, but necessary because "it had to do with the flow of the existing law" about who can rent housing authority property and at what cost. Exhibit 2

274 SUSAN WILSON emphasized that HB 3170 was merely a new tool to help development low-income housing, and she further explained the advantages of being able to use market rents in some projects, from families earning higher incomes, to help subsidize other units in the same project. She believed the change HB 3170 would create was financially necessary for new low-income housing projects.

Questions and discussion

347 PETER GRUNDFOSSEN stressed that property tax exemptions were not automatically granted to low-income housing projects; rather, exemptions were granted by legislative directive under certain circumstances. Housing authority project" do received exemptions.

Questions and discussion

377 SUSAN WILSON gave some statistics concerning cost-per-unit of low-income housing in Washington County.

Questions and discussion with SUSAN WILSON and PETER GRUNDFOSSEN about existing low-income housing in Oregon.

TAPE 96 SIDE B

002 Questions and discussion continued with SUSAN WILSON and PETER GRUNDFOSSEN.

019 MICKEY CLAY mentioned her concerns about HB 3170, which would mix low-income people with higher-income people; however, she did support any effort to produce affordable low-income housing. She wanted more specific language in HB 3170 concerning how it would work, but she stressed that HB 3170 was drastically needed in Oregon.

Questions and discussion

062 PETER GRUNDFOSSEN explained that the Housing Authority currently does not have a "mixed-income" housing project that functions the way he envisioned under the construct of HB 3170.

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House Committee

on

Revenue and School Finance Property Tax Subcommittee May 5, 1993 Page 5

He mentioned one facility, in Fairview (east Multnomah County) that houses people who are in the 60-80% income range, but he believed this could not be called a "mixedincome" unit. He believed it was not possible to house people before the 50% income range unless there was another subsidizing mechanism, like that proposed in HB 3170. He also talked about the need for housing versus the amount of money provided by both Oregon and the Federal government. He reiterated that HB 3170 was another financial tool for the development of needed low-income housing. He believed HB 3170 was an important "internal subsidy."

Questions and discussion

152 SUSAN WILSON further clarified that HB 3170 would not solve all the problems associated with the development of low-income housing, and that it was "just another tool." However, she believed it was an important tool.

Questions and discussion about the philosophy of lowincome housing.

193 DENNIS MULVIHILL informed members that the Association of Oregon Counties supported HB 3170.

213 EMILY CEDARLEAF talked about her organization, and about her concerns with HB 3170, specifically related to the displacement of low-income housing to accommodate people who earn 80% of median income. She expressed concerns about social problems that arise with mixed-income groups living in the same projects. She also expressed concern about interest shown to new projects when projects already existing need attention. She mentioned that the lowincome housing her organization provided was not taken off the tax roll. She wanted more assurances before she would support HB 3170.

Questions and discussion

270 EMILY CEDARLEAF discussed the differences in the building costs of units depending on where they were built in the state.

Questions and discussion

300 EMILY CEDARLEAF pointed out language in HB 3170 that defined the word "project."

Questions and discussion

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House Committee

on

Revenue and School Finance Property Tax Subcommittee May 5, 1993 Page 6

359 PETER GRUNDFOSSEN clarified what he thought HB 3170 and the proposed amendments would allow, which was to acquire an existing or build a new facility to create a "mixed income" environment. However, it would not allow the Housing Authority to go into existing projects and replace occupants to achieve a mixed-income population.

391 FRANK BRAUNER testified in support of HB 3170, and he offered his support in helping to remedy conflicts in language in the bill based on members' concerns. He talked about the need for lowincome housing in all areas of Oregon and the lack of incentive to build such housing since the

198 6 Tax Act. He believed that all ideas that could be applied to building low-income housing should be pursued.

TAPE 97 SIDE

B

002 FRANK BRAUNER continued his testimony in support of HB 3170, which he believed would be successful in providing an additional subsidy for low-income housing.

Questions and discussion

047 CHAIR BRIAN closed the Public Hearing on HB 3170.

050 CHAIR BRIAN recessed the meeting at 9:50 and reconvened at 10:25.

054 CHAIR BRIAN opened a Work Session on HB 3478, and he explained proposed amendments. HB 3478-2 reflected what the original proposal was, and he believed these were the amendments the members would want to adopt.

057 STEVE MEYER explained HB 3478-2 would allow a proration of the property tax over the tax year between the time the property was owned by the taxable owner and when it was transferred to the Housing Authority, when it would be tax exempt for the remaining of the

080 PETER GRUNDFOSSEN commented on the amendments HB 34782, which he supported.

089 ST~V~ MEYER discussed another concern members had with HB 3288, related to the refund that would be issued when taxes were prorated. The members' requested change in language was in the

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House Committee on
Revenue and School Finance
Property Tax Subcommittee
May 5, 1993 Page 7

amendments HB 3478-2.

099 MOTION REP. GIROD moved to adopt the amendments HB 3478-2 to HB

347 8.

NO DISCUSSION

102 ORDER There being no objection, CHAIR BRIAN so ordered.

103 MOTION REP. CARTER moved HB 3478 as amended to the full Committee with a do-pass recommendation.

NO DISCUSSION

107 ORDER There being no objection, CHAIR BRIAN so ordered.

108 CHAIR BRIAN closed the Work Session on HB 3478.

110 CHAIR BRIAN opened a Work Session on HB 2423 and invited testimony.

115 PAUL COSGROVE introduced a ethanol fuel researcher who would answer members questions about ethanol-blended fuels.

119 GARY WHITTEN talked about his organization and about his research centering on fluor-chemistry and ozone and smog pollution chemistry. He addressed the issue of whether or not ethanolblended fuels contribute to poorer air quality in Portland, using his own analysis relating to this issue, based on new Environmental Protection Agency (EPA) computer models and tests. His conclusion was that ethanol-blended fuels can actually reduce ozone formation, and he had produced a report with this conclusion.

His testimony was based on a handout given to the members. Exhibit 7
Questions and discussion

223 OLIVIA CLARK gave members a handout which she confirmed her belief that the EPA had not performed yet an update on its analysis of ethanol-blended fuels. She had talked with the author of the letter, who stated that the EPA had not changed their policy on ethanol and "that it still seemed to be a net contributor to the ozone problem."

Questions and discussion

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House Committee on
Revenue and School Finance
Property Tax Subcommittee

May 5, 1993 Page 8

260 GARY WHITTEN said his own report, based on his analytical model, had not been given to the EPA, although the Oregon Department of Environmental Quality (DEQ) did have a copy.

298 CHAIR BRIAN asked GARY WHITTEN to submit for the record a copy of his report for members to consider.

309 CHAIR BRIAN closed the Work Session on HB 2423.

310 CHAIR BRIAN adjourned the meeting at 10:43.

Paula K. McBride, Committee Assistant
Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. HB 3170: "Mixed Income Housing," Peter Grundfossen, Association of Oregon Housing Authorities.
2. Hand-amended version of HB 3170 A--Engrossed, Peter Grundfossen, Association of Oregon Housing Authorities.
3. HB 3170: "Mixed Income Housing," Housing Need Statistics, Peter Grundfossen, Association of Oregon Housing Authorities.
4. Oregon Housing Authorities, Peter Grundfossen, Association of Oregon Housing Authorities.
5. HB 3170-A2 (not discussed), Peter Grundfossen, Association of Oregon Housing Authorities.
6. HB 3478-2, Steve Meyer, Legislative Revenue Office.
7. Testimony of Gary Whitten, on HB 2423, Systems Applications, Inc.
8. Letter to Steve Greenwood, from Chester J. France, Director, Regulation Development and Support Division, Environmental Protection Agency, presented by Olivia Clark, Oregon Department of Environmental Quality.

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