

SENATE COMMITTEE ON BUSINESS, HOUSING AND CONSUMER AFFAIRS

February 8, 1993 Hearing Room 343 3:00 p.m. Tapes 10 - 11

MEMBERS PRESENT: Sen. Bill Dwyer, Chair Sen. Bill Kennemer, Vice-Chair
Sen. Brady Adams Sen. Ron Cease

MEMBER EXCUSED: Sen. Peg Jolin

VISITING MEMBER:

STAFF PRESENT: Cherie Copeland, Committee Administrator Richard
Day-Reynolds, Committee Assistant

MEASURES CONSIDERED: Public Hearing and Possible Work Session:

SB 75 - Transfers authority to test certain appraisers
from Personnel to Appraisers Certification and
Licensure Board

HB 2075 - Allows Housing and Community Services
Department to participate in interim construction
financing of certain housing projects

HB 2103 - Increases amount to be guaranteed by
Guarantee Fund.

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These minutes contain materials which paraphrase and/or summarize
statements made during this session. Only text enclosed in
quotation marks report a speaker's exact words. For complete contents
of the proceedings, please refer to the tapes. [--- Unable To Translate
Graphic ---]

TAPE 10, SIDE A

009 CHAIR DWYER called the meeting to order at 3:10 p.m.

SB 75 - TRANSFERS AUTHORITY TO TEST CERTAIN APPRAISERS FROM
PERSONNEL TO APPRAISERS CERTIFICATION AND LICENSURE BOARD - PUBLIC
HEARING Witness(es): Bob Frey, Department of Revenue Art James,
Executive Department

017 ART JAMES, EXECUTIVE DEPARTMENT: Introduces (EXHIBIT A). This
activity is outside the scope of the Executive Department and we
favor the

passage of SB 75. The current law has been around for a long time, and

we don't have the expertise to keep up with changes in the field. 039
BOB FREY, DEPARTMENT OF REVENUE: After consultation with the Executive
Department and the Secretary of State's office, we enthusiastically

support this move.

053 SEN. ADAMS: There is nothing mentioned in the bill about fees or costs. What fees are there?

061 JAMES: All this bill does is change the name in statute. Personnel currently is one person spending one-tenth of their time on this issue, and paid for by a personnel assessment. The legislation does not move

any monies to the Board.

076 SEN. ADAMS: Declares a potential conflict of interest. There is a high cost associated with appraisals in Oregon. Potential conflict of

interest aside, I am concerned for what this bill may do to the costs of becoming an appraiser in Oregon.

094 CHAIR DWYER: Do you anticipate these changes having an effect on those appraisers regulated by this board?

098 JAMES: The fiscal impact we have prepared says there is no fiscal impact on the fees for appraisers.

112 SEN. CEASE: You're talking about the rates going up... (INAUDIBLE).

117 SEN. ADAMS: There may be a cost to the board for taking responsibility for this program.

133 SEN. KENNEMER: Without the Appraisers Board here, I'm not comfortable taking action on this bill. Also, there is no Fiscal Impact Statement.

141 : CHERIE COPELAND, COMMITTEE ADMINISTRATOR: I had expected to receive a statement prior to the committee meeting, but Fiscal notified me that

the impact was turning out to be more complicated than they had anticipated.

160 MIKE DEWEY, APPRAISAL INSTITUTE OF OREGON: Our organization has no problems with the transfer. The fees are indeed high, but we have a

goal of lowering the cost. There will be some costs in taking on the responsibilities in this bill, and we need to look at how those costs will be borne.

174 SEN. KENNEMER: How many people are involved?

178 JAMES: Approximately 900 appraisers.

182 SEN. KENNEMER: That's quite a few. I'm impressed that they do this with .10 FTE.

186 CHAIR DWYER: Let's hold this over. There has to be some money somewhere to drive this process, and if we don't transfer money with it someone will get stuck with the bill.

(Tape 10, Side A) HB 2075 - ALLOWS HOUSING AND COMMUNITY SERVICES DEPARTMENT TO PARTICIPATE IN INTERIM CONSTRUCTION FINANCING OF CERTAIN HOUSING PROJECTS - PUBLIC HEARING Witnesses: Rey Ramsey, Housing and Community Services Department Lynn Schoessler, Housing and Community Services Department

201 REY RAMSEY, DIRECTOR, OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT: Introduces LYNN SCHOESSLER, DEPUTY DIRECTOR, OREGON HOUSING AND

COMMUNITY SERVICES DEPARTMENT and JOHN BLATT (EXHIBIT B).

207 SCHOESSLER: This is a bill that will help us achieve affordable housing in Oregon. The banks are doing what they can, but there is only so much they can do. This bill will allow us to facilitate construction

financing.

241 SEN. ADAMS: I need to declare a possible conflict of interest.

247 CHAIR DWYER: So noted.

249 SEN. CEASE: Indicate the impact...(INAUDIBLE).

254 SCHOESSLER: Language deleted referred to a guarantee or insurance program to ensure the Housing Program didn't get into a risk situation. The lending institution is the first party of risk. The state is

adequately protected.

278 RAMSEY: The Department will be doing the take-out financing and will exercise their usual amount of oversight.

297 SCHOESSLER: The amendments reflect an oversight on our part. [QUOTE] "The amendment makes consistent our general obligation bond program with our multi-unit project."

306 SEN. KENNEMER: Asks for amendment language clarification.

320 FRANK BRAUNER, OREGON BANKERS ASSOCIATION, STATE CHARTERED BANKS OF OREGON: Supports bill. Provides public/private cooperation on a very

high level.

381 SEN. KENNEMER: Are there sufficient safeguards built in?

391 BRAUNER: Yes.

(Tape 10, Side A) HB 2075 - ALLOWS HOUSING AND COMMUNITY SERVICES DEPARTMENT TO PARTICIPATE IN INTERIM CONSTRUCTION FINANCING OF CERTAIN HOUSING PROJECTS - WORK SESSION

408 SEN. ADAMS: Declares a potential conflict of interest.

411 CHAIR DWYER: So noted.

418 MOTION: Sen. Cease moves the amendments. 423 CHAIR
DWYER: Hearing no objection, SO ORDERED.

426 MOTION: Sen. Cease moves the bill to the floor with a do
pass recommendation.

VOTE: The measure passes 4 - 0, Sen. Jolin excused.

TAPE 11 SIDE B

HB 2103 - INCREASES AMOUNT TO BE GUARANTEED BY GUARANTEE FUND - PUBLIC
HEARING Witness: Lynn Schoessler, Oregon Housing and Community
Services

Department

003 SEN. ADAMS: Declares a potential conflict of interest.

007 LYNN SCHOESSLER, OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT:
This bill will allow us to guarantee twice the amount of loans as we
could

under the old law.

022 FRANK BRAUNER, OREGON BANKERS ASSOCIATION AND THE STATE CHARTERED
BANKS OF OREGON: Supports measure. Allows us to help put people
in

affordable housing.

030 SEN. KENNEMER: When did we come up with the language?

034 SCHOESSLER: 1991.

SEN. KENNEMER: What is the rationale for insuring two times the amount?

SCHOESSLER: Other industry standards are as high as nine times the
amount of cash on hand.

SEN. KENNEMER: By current lending standards, this doubling is still
conservative?

BRAUNER: Yes, very. The guarantee is for only 25% of the loan, not
100%. The lender still takes the biggest risk.

070 SCHOESSLER: This account could only suffer 25% loss. All activity
stops at that point until the guarantee account is replenished.

(Tape 11, Side B) HB 2103 - INCREASES AMOUNT TO BE GUARANTEED BY
GUARANTEE FUND - WORK SESSION

078 SEN. ADAMS: Declares a potential conflict of interest.

082 MOTION: Sen. Kennemer moves HB 2103 to the floor with a do pass recommendation.

VOTE: The measure passes 4 - 0, Sen Jolin excused.

093 CHAIR DWYER: Adjourns the meeting at 3:47.

Submitted by:

Reviewed by:

Richard Day-Reynolds
Administrator

Cherie Copeland Assistant

EXHIBIT LOG:

A - Testimony on SB 75 - Art James, Executive Department - 1 page B -
Testimony on HB 2075 - Rey Ramsey, Housing and Community Services - 1
page C - Amendments for HB 2075 - Staff - 1 page D - Witness Sheets -
Staff - 3 pages