

January 24, 1991Hearing Room 8:30 a.m.Tapes 8 - 9

Measures heard: Informational

MEMBERS PRESENT:REP. BOB REPINE, CHAIR REP. JUDY BAUMAN, VICE-CHAIR REP. MARIE BELL REP. ROD JOHNSON REP. DAVE MCTEAGUE REP. GAIL SHIBLEY REP. RON SUNSERI

STAFF PRESENT:JANET MCCOMB, COMMITTEE ADMINISTRATOR KIMBERLY BURT, COMMITTEE ASSISTANT

WITNESSES:GOVERNOR BARBARA ROBERTS REY RAMSEY, ADMINISTRATOR, OREGON HOUSING AGENCY FRANK WALLIS, DEPUTY DIRECTOR, DEPARTMENT OF VETERAN'S AFFAIRS DEBRA VANDERWALL, PRESIDENT, VIETNAM VETERANS OF AMERICA, CHAPTER 271, SALEM, OREGON FORMER GOVERNOR BOB STRAUB, SALEM SELF HELP HOUSING & CITIZEN VOLUNTEER RESPONSE LARRY ENINGA IAN MC KECHNIE, PRESIDENT, NETWORK FOR OREGON AFFORDABLE HOUSING, (NOAH) FRANK BRAWNER, OREGON BANKER'S ASSOCIATION

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

tapes.

TAPE 8, SIDE A

005 CHAIR REPINE: Calls the hearing to order. (8:37 a.m.)

Roll Call: Representatives Bell, Johnson, Shibley, Sunseri, Bauman and Repine answer "present".

015 GOVERNOR BARBARA ROBERTS: I would like to discuss the critical issue of

housing in our state; Oregon needs healthy and productive communities and made up of people of diverse income levels and to achieve that we need affordable, safe housing.

GOVERNOR ROBERTS: Submits and reads written testimony, (EXHIBIT A), regarding housing, wages and the cost of rents in Oregon.

Homelessness is growing everyday; there are approximately 2800 Oregonians homeless on any given day and that doesn't count the people who are one minor crisis away from homelessness.

About 1/3 of the homeless population in Oregon are children.

Rep. McTeague arrives. (8:45 a.m.)

050 GOVERNOR ROBERTS: Affordable housing is a priority for my administration and even with the major budget cuts made, I have submitted in my budget what I think are the first three steps for addressing the housing needs in Oregon.

First I have proposed \$5 million for a housing trust fund that is "ear marked" from lottery funds to provide flexible dollars to help fill the equity gap that currently exists in the housing field.

We can multiply that money by bringing private money together with our public money and federal money together with grants; the money is intended to address the needs state wide, particularly with elderly, disabled, victims of domestic violence and farm labor populations.

075 GOVERNOR ROBERTS: I have proposed the Partnership Housing Assistance Team that is intended to provide the technical assistance to local communities to help them develop affordable housing.

097 GOVERNOR ROBERTS: The last component recognized that coordination is a vital piece of what we are doing in housing; I believe that the Office of State Communities services should be moved to the Housing Agency from the Department of Human Resources.

HB 2471 moves in that direction, but it hasn't finalized the pieces of where the agencies or departments might be re-located.

115 GOVERNOR ROBERTS: The three proposals I have described will create a strong beginning for a more efficient and effective housing policy with expanded opportunities and it will be the first steps toward addressing the housing crisis that faces this state.

There should be a policy at the local government level and state level that anytime a construction project is under way and it displaces housing, our first obligation as a government is to preserve that housing.

Another new view is to have the state begin to look at the money we spend in housing related areas, such as viewing HARRP program as a housing dollar program rather than a straight property tax relief program.

145 GOVERNOR ROBERTS: This committee has a rare opportunity to find some very effective, creative solutions.

We need to remember that one of our major resources is timber and part of the reason timber is down right now is because housing markets are down nationally and we have the product here; that is an opportunity for us to bring that resource together with the possibility of building new housing.

160 GOVERNOR ROBERTS: I am ready to work with this committee and with the full legislature to create housing solutions for Oregon.

REP. SUNSERI: While we are dealing with Measure 5, isn't it an opportune time for us to deal with the private sector who are getting a benefit from Measure 5, to try to create some volunteerism and to get the corporate world to participate in the problem.

Could that not be one emphasis of the Partnership and Housing Team?

GOVERNOR ROBERTS: The private sector is excited about the potential for creating housing; I see this as a real partnership of private and public funds, state funds and federal dollars coming together in a number of creative ways.

205 REP. BAUMAN: With such a large proportion of our housing commitment administered by the Department of Revenue, will your office hold that department accountable for the funds spent?

GOVERNOR ROBERTS: In looking at programs like HARRP, it was intended to give property tax relief in hopes that property tax relief would stop a measure on the ballot that was similar to Measure 5 and that was where it came from.

If we are to look at programs in the Department of Revenue that have a housing contact, we should be looking to see that the funds are being focused in the places where we know there is a crisis.

REP. BAUMAN: We do have the opportunity to be much more efficient in the housing programs we have and I think that the inquiry of the targets for these funds needs to be a tough one.

We need to ask how much leverage we are getting for the housing dollars spent in the state.

275 GOVERNOR ROBERTS: We "flagged" the housing programs when going through the budget; under Measure 5, renters aren't getting property tax relief where as home owners are and that is another place we need to look at.

REP. JOHNSON: Have you done any studies on how much increased housing in Oregon it would take to affect the timber industry?

REY RAMSEY, ADMINISTRATOR, OREGON HOUSING AGENCY: We are coordinating with the Economic Development Department; a needs analysis of the state in the area of housing will be done.

335 CHAIR REPINE: From what I have seen last session and today, your concepts and ideas dealing with the housing needs of Oregon will be addressed, not only in this committee, but on the Senate side as well, so that we can set a long range plan to meet the housing needs of Oregon.

We would like to pledge our services and our resources on this committee to strive toward those attainments.

350 GOVERNOR ROBERTS: As I travel the state one of the things that is clear

is that the housing crisis in Oregon isn't a metropolitan crisis; it is every place in the state being impacted by influxes of population from California and by agricultural changes in some parts of the state; we need to look at solutions that are both metropolitan and rural.

365 CHAIR REPINE: Calls a ten minute recess, 9:05 a.m.

367 CHAIR REPINE: Calls the hearing back to order, 9:15 a.m.

PUBLIC HEARING AND POSSIBLE WORK SESSION ON LC 2681 - (EXHIBIT B)

CHAIR REPINE: There will not be action on this draft other than moving it to LC to have it introduced as a committee bill.

395 JANET MCCOMB, COMMITTEE ADMINISTRATOR: We will be drafting a letter from the State of Oregon to Congress; Congress also has to change federal law and we will be encouraging them to do so in a timely manner as we only have a short period of time to get this bill out.

That letter is being drafted.

405 REP. SUNSERI: I think that we should consider reducing the 210 day requirement to 180 days.

CHAIR REPINE: Once the bill is scheduled we will review it's merits.

440 FRANK WALLIS, DEPUTY DIRECTOR, DEPARTMENT OF VETERAN'S AFFAIRS: I wanted to point out that it is very important that the language drafted here coincides with federal language.

465 DEBRA VANDERWALL, PRESIDENT, VIETNAM VETERANS OF AMERICA, CHAPTER 271, SALEM, OREGON: "I am speaking on behalf of Vietnam Veterans of America in Oregon and also on behalf of the United Veterans Group of Oregon and their president, Robert Flemming, who could not be here today".

We request a re-scheduling of this hearing so the veterans groups can have adequate time to review the bill and give adequate testimony.

CHAIR REPINE: We are here just to look at the bill in draft form; we are just here to introduce this bill at this time from the committee.

The bill will be scheduled and proper notification of the time and place of that meeting will be made.

TAPE 9, SIDE A

033 CHAIR REPINE: The intent of this bill is to craft a document that will serve the veterans, not dis-serve them; this hearing is just to introduce the bill to the system, and then we will entertain questions, comments and discrepancies that might come up.

038 REP. BAUMAN: Is it likely that there will be a large representation of veterans opposed to introduction of this bill or are you asking for the opportunity for a large demonstration in support of the bill?

VANDERWALL: It depends on the wording; the wording is rather confusing at this moment and that is why we are asking for adequate time.

045 REP. BELL: Could you express to us which parts are confusing so we could think about those?

CHAIR REPINE: I would suggest that if there are areas of concern in this draft form, as you see today, you might highlight those and let us know in some form of written documentation so that when we get to the public hearings we can start contemplating some of those changes.

065 VANDERWALL: Section "C" is rather confusing; we don't know if that would limit the eligibility of veterans who apply for home loans to just veterans who have served in an expeditionary force.

Would that eliminate the eligibility for veterans who served here in the United States and weren't in an expeditionary force or theater.

075 VANDERWALL: In part "A" we have a problem with the 210 day time period;

there is a big gap left between 1976 and 1985 of veterans, namely World War II, Korea and Vietnam Veterans and also those who served after 1976 up until Operation Desert Shield, are they eligible for the home loan, and if so, under what circumstances?

REP. JOHNSON: It was our understanding from Tony Meeker's comments that it was the intent of the language to limit the eligibility to veterans who actually served in a combat theater; so if there was someone state side that sat at a desk, they wouldn't be eligible.

VANDERWALL: So he was trying to limit eligibility; that is our main problem with this bill.

REP. JOHNSON: It is our understanding that the intent of these programs are to primarily benefit the people who actually served; if you have a narrow ability to serve veterans and it seems that we have the ability to serve those that actually served in combat theater better if we only focus on them and not open the whole thing.

VANDERWALL: We do have a problem with the eligibility being limited just to what Tony Meeker wants in this bill.

120 CHAIR REPINE: I understand that the Oregon Veterans Department has a similar bill that they are working on dealing with this issue, but I haven't seen a copy of that draft yet, but I'm sure that there will be other dialogue that takes place at the public hearings on the bill.

122 MOTION: REP. BAUMAN moves the adoption of LC 2681 to Legislative Counsel to be introduced as a committee bill.

125 VOTE: In a roll call vote the motion carries unanimously. Rep. Mcteague not present.

150 FORMER GOVERNOR BOB STRAUB, SALEM SELF HELP HOUSING & CITIZEN VOLUNTEER RESPONSE: I have come to the conclusion that the problem of providing affordable housing is going to require the combined efforts of Government at all levels, from city to federal as well as volunteer citizens as well as businesses cooperating.

STRAUB: Eight or ten business people in the Salem community formed ourselves into a non-profit organization and our goal was to buy older run down houses with the owner carrying the contract, we would raise, through donations, ten percent of the cost being asked or that we were offering for the house and the owner would carry the balance on a contract.

After we got the house, volunteers re-modeled making it suitable and satisfactory for occupancy by a low income family, which we, for the most part, had referred to us through the Salem Housing Agency and the people were eligible for Section 8 subsidy.

185 STRAUB: The program has worked extremely well so far and we now have 14

houses and have raised, through private effort, \$46,000 in the last year and a half and we hope to have 20 houses by July 1st and I hope we will have 25 houses by the end of 1991 and I think that what we have done here is an example of what could be done in most communities in Oregon.

One of the young mothers we helped has gone to a business college in Salem, she now is working as a secretary at Swan Island in Portland, renting her own house, being self supporting and isn't on welfare anymore.

We have another young lady that is attending a community college and her career is aimed in the same direction; there is a real benefit, a real need and I think that there is a real positive aspect to spreading the low income people around throughout the communities rather than concentrating them in one large apartment of multiple family project.

220 STRAUB: The potential for volunteerism is tremendous; as an example, if

churches were more aware that they could do with one house what we have done with a number of houses, they could do it and even select the family to live in the house, bonding the young family with the church and the community.

We have an increasing problem in Salem, and I'm sure elsewhere, with mentally ill people; this is a tragic situation and it is just one more sign that the need for more affordable housing is getting more critical all the time.

240 STRAUB: I have been impressed by everyone we have approached; recently we were running into the situation where we had to pay full price for houses and we met with the banking community in Salem and their response was very encouraging and they were very affective in helping us.

Some banks waived their bank fees and some waived their standards so that they were willing to give a mortgage to a house that wasn't a new polished A1 house and as a result of that we just closed a deal on a house at an 8% interest.

I have every reason to believe that the approach we have taken, as a community effort, is something that is needed and it is something that has been very rewarding to us involved and if it were duplicated elsewhere in Oregon it would go along way towards helping to deal with the problems that we have.

268 STRAUB: Larry enega is a member of the Board of Directors of one of the

independent banks in Salem; he was the manager of a large operation in Salem for his retirement; he came forth on his own and volunteered his services and offers services of a type that would be hard to duplicate.

282 LARRY ENINGA: It is a very satisfying thing that we are involved in and

we have had good response from so many segments of the economy: bankers, housing people, retailers and realtors.

We are trying to avoid government assistance and do it on our own; these

families have never had a home before.

This houses start out being near the point of being inhabitable and we re-capture that making it livable and making it an asset to the community.

315 ENINGA: If encouraged, this type of thing can serve as a great benefit to the community and to the State of Oregon if we can get this in the minds of people and organize, we can provide all kinds of services on a voluntary basis at no cost to the tax payers.

REP. JOHNSON: This is one way that volunteers can make a difference and that they can see the results of; it sounds to me that you don't want government help, but you don't want them to hinder you either.

Is there some help we can give you; are there concerns over workers' compensation or anything that we could do to make this easier?

STRAUB: We haven't been involved with or concerned about workers' compensation and we haven't been concerned about city codes as we think that we are exempt because we do less than 25% restoration.

We are unique as we aren't here to ask the state for any money, but I want to make clear that the job of volunteerism can only fulfill a very small part of what needs to be done and we hope that the state will recognize that we are falling behind.

The state, city, county and the federal government have got to shoulder a heavier burden then they have in the past if we are going to provide the decent housing that people need.

380 STRAUB: As you here talk of the children's agenda, I want to call to your attention how important it is for children not only to have good nutrition in their diet, but to have a steady good permanent place in which to live while they are starting their school careers.

I think that the fulfillment of the children's agenda requires educational opportunities, adequate nutrition but it also requires decent stable housing.

REP. BAUMAN: It sounds to me that you have a lesson to teach the government about leveraging money into the reality of service for targeted areas.

420 STRAUB: Our assets of our non-profit organization now exceed \$400,000 and we've done that by raising \$46,000 and some of that money has had to be used for taxes and other things.

There is a very beneficial leveraged aspect to what we are doing.

REP. BAUMAN: This is a good bottom line investment, even if you just talk about the money value of your investment.

STRAUB: Our cash position now is \$16,000 and we are looking for more houses to make a 10% down payment on; the prices of the houses we are buying is between \$26 and 30,000, but they are run down and it takes a lot of work.

450 REP. BAUMAN: Were bankers hesitant to try this?

STRAUB: The bankers were difficult to deal with before they realized what this was all about.

TAPE 8, SIDE B

REP. SHIBLEY: Can you share with us any thoughts you might have that with the advent of Measure 5 and with the 58 cents of each property tax dollar going to commercial property tax holders, do you see any possibility to harness that potential to invest back into communities in terms of helping people with housing needs?

STRAUB: That is something that we will be pursuing; yesterday we held a board meeting and talked about the potential for going to companies right here in Salem, explaining what we are doing and asking them for financial support.

We haven't tapped the corporate level, but if we can point out the savings that lie ahead for them, which reduces the ability of government to do the job that is more incumbent on the private sector to pick up more adequately; we will be looking for more donations here in Salem.

042 STRAUB: I feel that the most difficult aspect of the problem of dealing

with housing in a private way is the fact that the problem is very little recognized; the average person or business executive never comes into contact with homeless people.

The reaction of the bankers is a wonderful example; when they understood what we were doing, how carefully we were spending the money and how we were holding overhead down to an absolute minimum, they were very generous in their response.

050 REP. SHIBLEY: Are you coordinating with the housing authority, community action agencies or CDC?

STRAUB: We are coordinating with the Oregon Housing Council as I am Chairman of the Oregon Housing Council.

REP. SUNSERI: Oregon multiple listing service statistics are that less than the 5% of homes available are available on private contract; are bankers waiving the due on sale clause?

STRAUB: So far 75% of the homes we've bought the owners were willing to carry the contract; you have to keep in mind that these houses aren't very attractive and the owner wants to get rid of them.

065 REP. SUNSERI: Presently the law provides that mortgages are due on sale; therefore, unless it is owned free and clear, the seller doesn't have any choice but to pay that mortgage when you buy it.

STRAUB: I haven't dealt with that problem yet, but I recognize it is a valid point; we don't sell our properties, we rent them so the due on sale wouldn't interfere too much.

085 CHAIR REPINE: If things become stumbling blocks, if you can identify those to this committee, I would be interested in looking into that to make your chore and the communities chore easier.

STRAUB: I appreciate that.

REP. JOHNSON: Are you still paying taxes on the properties?

STRAUB: Yes; however, there is a law suit that another organization has brought, so there is a possibility that we may be relieved from paying property taxes; they are a real burden to us.

100 IAN MC KECHNIE, PRESIDENT, NETWORK FOR OREGON AFFORDABLE HOUSING, (NOAH): Submits and reads written testimony regarding NOAH and it's progress in it's mission to find solutions for Oregon's low income housing needs, (EXHIBIT C).

170 MC KECHNIE: Continues with written testimony, going over future projects for NOAH.

185 REP. BELL: Is legislation passed last session in threat because of Measure 5?

MC KECHNIE: I haven't heard any direct threats on any of the measures, but I'm sure that everything that involves revenue is being examined behind the scenes; certainly I would ask for the continued commitment to the various tax credits that were put forward for housing last session as they are very valuable.

A lot of legislation that went through last session was remedial to improve the conditions of recipients of housing, such as the farm worker housing legislation and that is beginning to do a good job and getting some good results.

I know that there is a move to modify the lenders tax credit program so that it is more effective, more targeted and does the job and produces the low income housing predicted when it was passed.

205 REP. BELL: Does your group have any proposals before the legislature this session?

MC KECHNIE: Frank Brawner of the Oregon Bankers Association does the lobbying for the banking interests and as a non-profit 501(C)(3) I won't be lobbying the legislature, but will be responding to any requests you have.

REP. BELL: I was looking for ideas that we could pursue that might be helpful to you.

MC KECHNIE: The Oregon Lenders Tax Credit is under major revision; I have seen those revisions and think that most of what was envisioned by the sponsors is contained in those revisions.

225 REP. BAUMAN: Would you contribute to the committee the ledger sheet that demonstrates the power of targeting money into housing?

MC KECHNIE: I would be delighted to help the house in any way I can by giving you data to demonstrate what this tax credit can do, particularly allied with other pieces.

255 MC KECHNIE: I am glad to see that the Governor, in her message this morning, talked about technical assistance for housing users as that will allow some of these low income housing groups to put together these creative pieces.

As we go out around the state we find a total lack of knowledge of programs available.

REP. BAUMAN: Our investment in technical assistance is going to reap a tremendous value in our ability that is there but not being applied for?

MC KECHNIE: That is correct.

275 REP. BAUMAN: I'm curious, if the state were to contribute a dollar, with the other dollars you collect, how many dollars would we find to partner with that state dollar?

MC KECHNIE: The contributions from the state are extremely valuable and I hope to be able to show you some numbers.

REP. BAUMAN: That is exactly what I'm asking for, to see those numbers.

295 CHAIR REPINE: It appears that there is either an overlap or parallel; how well and in what fashion do you work with the Oregon Housing Agency?

MC KECHNIE: I think that we can work with any housing provider in the state; wherever we can interface or work with our sponsors to technically assist relieving the state to do work somewhere else; we will try not to overlap, but compliment whatever services people give.

325 CHAIR REPINE: What have your experiences been in dealing with cities and communities asking for assistance; how many truly don't understand what is out there waiting for them?

MC KECHNIE: We have talked to some fairly sophisticated housing groups in Oregon and the knowledge of the total package of provisions out there is unknown by most.

There is almost a total lack of distribution of all the knowledge that needs to be done to provide the housing that is needed today.

347 REP. JOHNSON: Has anyone tried to set up a system in this state whereby

housing of the kind you are pursuing would be given the right to be free of property taxes?

MC KECHNIE: There is a provision that allows a local jurisdiction to waive property taxes for low income housing and in some parts of the state that is being pursued.

In some small communities it becomes much more difficult because of size relationships, but we do encourage our housing sponsors to talk with their local authorities to see if that is a realistic opportunity for them.

375 REP. SUNSERI: Isn't it true that if you are a 501(C)(3) you aren't obligated to property taxes?

MC KECHNIE: In general, yes, that is true.

REP. SUNSERI: My wife and I were involved in putting together a home in Gresham called "Bethany House" for unwed mothers and once we became a 501 (C) (3) we were no longer obligated to property taxes.

395 REP. JOHNSON: Getting the 501(C)(3) status does take an extra step, there is some extra expense and it takes some effort; if we could relax that some and have different definition than 501(C)(3) than it might open it up to more organizations and be more help in this area.

405 FRANK BRAUNER, OREGON BANKER'S ASSOCIATION: A 501(C)(3) isn't automatically exempt from Oregon's property tax; you must present yourself and what you are doing, and there are a lot of 501(C)(3)'s in the state that pay property tax.

NOAH took 2 1/2 years to put together and we are "tickled" to have these people working for us.

Ian is restricted from coming back to lobby, but he can provide input to the committee and at any time you ask me I will see if we can get Mr. McKechnie back to help.

440 BRAUNER: The Lenders Tax Credit, even though deficient and needing some

amendments this session, is the reason the banker's were able to do what they have done and it is critical that we get that straightened out.

NOAH is able to do some things that a bank can't do because of the regulatory process; NOAH will never have a bank examiner looking at their books.

475 BRAUNER: I am aware that the 501(C)(3) has been turned down by Marion County and are still paying property taxes; they engage in education and not in housing.

I've not been a party to a process for getting affordable housing exempt, I was just responding to the question "are all 501(C)(3)'s exempt" and I can tell you they aren't.

TAPE 9, SIDE B

035 MOTION: CHAIR REPINE moves to suspend the rules to allow Rep. McTeague to cast his vote on LC 2681.

040 VOTE: Hearing no objection the motion carries.

041 REP. MCTEAGUE: I vote Aye and I apologize for not telling you that I had to go to a meeting in the Governor's Office.

044 CHAIR REPINE: We stand adjourned. (10:20 A.M.)

Submitted by, Reviewed by,

Kimberly Burt Janet McComb Committee Assistant Committee Administrator

EXHIBIT SUMMARY:

A - Written testimony submitted by Governor Roberts, pp 8 B - LC 2681 submitted by staff, pp 2 C - Written testimony submitted by MC KECHNIE, pp 5 D - Article about Self Help, submitted by staff, pp 2

