

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.

HOUSE COMMITTEE ON HOUSING AND URBAN DEVELOPMENT

February 26, 1991Hearing Room D 8:00 a.m. Tape 32

MEMBERS PRESENT:Rep. Bob Repine, Chair Rep. Judy Bauman, Vice-Chair Rep. Marie Bell Rep. Dave McTeague Rep. Gail Shibley Rep. Ron Sunseri

MEMBERS EXCUSED:Rep. Rod Johnson

STAFF PRESENT: Janet McComb, Committee Administrator Kimberly Burt, Committee Assistant

MEASURES CONSIDERED: HB 2183

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TAPE 32, SIDE A

005 CHAIR REPINE: Calls the hearing to order. (8:05 a.m.)

Roll Call: Representatives McTeague, Shibley, Sunseri & Repine answer "present".

PUBLIC HEARING ON HB 2183 Witnesses:Lynn Schoessler, Oregon Housing Agency Mark Huston, Manager, Business Finance Section, Economic Development Department

Staff submits revenue impact statement and staff measure summary on HB 218 3, (EXHIBIT A).

013 LYNN SCHOESSLER, OREGON HOUSING AGENCY: Economic development and housing are closing intertwined and are very supportive of one another and that was our concern when we proposed HB 2183.

We are trying to address a circumstance where employment of large numbers of people could be anticipated in a community where there is a low or inadequate vacancy rate in housing.

035 SCHOESSLER: There are some technical amendments needed and we don't oppose those.

We aren't looking for an extensive report, but simply a look at the community and what is happening and what is expected to happen, and what

will be done about an imbalance, should it occur.

041 REP. MCTEAGUE: When was this concept created?

SCHOESSLER: We proposed it through the Executive Department early last summer; it was only within the last few days that we had discussion with Economic Development, who has some exclusionary language they would like to propose.

LCDC would like section 2 expanded to include an acknowledgement on the part of the cities as well as counties.

REP. MCTEAGUE: When did LCDC see the concept?

SCHOESSLER: Last summer they supported the concept in theory, but within the last few days they have come up with some warranted concerns.

060 CHAIR REPINE: The Lincoln City retail development has caused housing problems in that area and this is an attempt to take care of that kind of problem ahead of time in the future.

SCHOESSLER: In section 2 we are trying to emphasize that counties and cities, in their efforts, need to acknowledge that the impact could be significant and could create a large imbalance.

This doesn't exclude looking at neighboring communities within commuting distance that do have available housing.

080 REP. SHIBLEY: Is there a way to make these areas think ahead without holding up the issuance of bonds?

SCHOESSLER: This won't be such a burdensome task; I'm not looking for an extensive study, but a preliminary investigation.

We don't want to create a burden, and if it is more burdensome than it should be, we should look at that; this doesn't say that they shouldn't proceed with their activities, but that they should investigate to see if there will be a pending crisis in housing.

REP. SHIBLEY: Section 3 requires the applicant to show availability of housing is sufficient for the projected workforce increase and include plans for expanding the housing stock; is that an example of this being "burdensome"?

SCHOESSLER: Economic Development will address that; we generally agree that the Business Development Fund targets small business with minimum employment expansion and we would not object to that not applying to the small businesses.

125 MARK HUSTON, MANAGER, BUSINESS FINANCE SECTION, OREGON ECONOMIC DEVELOPMENT DEPARTMENT: Submits informative material on the Oregon Business Development Fund, (EXHIBIT B) and testifies in opposition to HB 2183.

The Department believes that planning for adequate housing needs should occur during the comprehensive planning process and for that reason we can't support section 1 of the bill.

Included in my testimony is a summary of Oregon's Economic Development Revenue Bond Program so that you can understand how that program works,

see Exhibit B.

The program started in 1976; only small manufacturers are eligible for the program.

With bond proceeds they can finance capitol expenditures, land, building, improvements, equipment and machinery.

REP. BAUMAN arrives. (8:13 a.m.)

HUSTON: Summarizing written testimony, see Exhibit B.

REP. BELL arrives. (8:17 a.m.)

165 HUSTON: The Department isn't aware of any housing problems that have been exacerbated by the issuance of industrial development bonds; those bonds are generally categorized by the federal government as small issue bonds.

The Commission has averaged about 10 bonds per year, with the largest year at 19; although important to individual communities and the Oregon economy as a whole, the size of the impact on the housing stock in any one community is probably minimal.

Before approving any bond we ask each county to assure us that the proposed project meets with the comprehensive plan of the local area and I understand that comprehensive plan includes a housing analysis.

195 HUSTON: Section 3 affects the Oregon Business Fund, requiring the applicant to show that the availability of housing is sufficient for the projected workforce increase or include definitive plans for expanding the housing stock and we can't support this provision of the bill.

240 REP. MCTEAGUE: By taking out the two sections you oppose you have emasculated the concept of the bill; perhaps we have an internal problem in the Executive Branch where the agencies aren't communicating.

On the part of Economic Development we need to hear some sensitivity about Oregon's housing crisis and on the part of the Oregon Housing Agency, we need stronger advocacy.

285 REP. BAUMAN: There is criteria requiring that you support projects that increase the number of family wage jobs; how do you define a family wage?

HUSTON: Different programs have different specifics.

REP. BAUMAN: How can you figure what wage will enable a family to live in a house if you don't know what housing is available in the community; your criteria almost requires a housing plan.

I'd like you to explore how that criteria has come up in your funding decisions in the past.

330 CHAIR REPINE: We will not move on this bill today; I am discouraged that this bill has been around for some time, yet no one made their comments until now.

Perhaps we will have Economic Development come back so that we can talk about the program, looking at the housing element.

We may want to work our way through, helping them to re-write their statutory laws to make sure that the housing component will be a fundamental part of Economic Development.

We will prepare a list of the items that we see as lacking in your operation and we will discuss that list to see what we can do to rectify the problem.

CHAIR REPINE: I will charge Mr. Schoessler with getting together with the Economic Development Department to find out what the scope of their changes are.

We do want to pursue this activity, trying to tie these two agencies in some respect to identifying the housing needs of Oregon.

390 CHAIR REPINE: Being no further business to come before this committee, we are adjourned. (8:28 a.m.)

Submitted by: Reviewed by:

Kimberly Burt Janet McComb Assistant Administrator

EXHIBIT SUMMARY:

A - Staff measure summary and revenue impact statement submitted by STAFF, pp 2
B - Written testimony and informative material submitted by HUSTON, pp 7