

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

March 21, 1991Hearing Room D 8:00 a.m.Tape 46 - 48

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

MEASURES CONSIDERED: HB 2779 (WRK) HB 2694 (PUB) HB 2770  
(PUB)

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TAPE 46, SIDE A

005 CHAIR REPINE: Calls the hearing to order. (8:00 a.m.)

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

REP. MCTEAGUE arrives. (8:02 a.m.)

PUBLIC HEARING ON HB 2770 Witnesses:Rep. Liz Vanleeuwen, House District 37 Rep. Ted Calouri, House District 7 Emily Cedarleaf, Multi-Family Housing Council of Oregon Tom O'Connor, League of Oregon Cities Brad Higby, City of Portland, Bureau of Environmental Services Fred Vannatta, Oregon Homebuilders Association

Staff submits SMS & revenue impact statement, (EXHIBIT A).

020 REP. LIZ VANLEEUVEN, HOUSE DISTRICT 37: Testifies in support of HB 2770.

HB 2770 basically says that a supplier of utility services shall not transfer a claim against the tenant to the owner of the real property if prior to the beginning of the tenancy the landlord notifies in writing the supplier of utility services to a dwelling unit that the dwelling unit isn't occupied by the owner and the tenant is responsible for the payment of any services.

Sub 2 says that the supplier of utility services includes any person, entity, company or municipality which provides or delivers electricity, gas, water, sewage disposal or garbage pickup.

043 REP. VANLEEUEWEN: In the past, owners of apartments or houses that have been rented or leased don't know that the tenant hasn't paid the bill until they get a note from the assessor saying that their property is being assessed for a certain amount of money for unpaid utility bills.

REP. SUNSERI: In some areas if a renter doesn't pay the bill, water districts simply turn the water off and refuse to turn it back on until the past due portion of the bill is paid, so in effect, the property isn't useable until the owner pays the bill; does this address that situation?

REP. VANLEEUEWEN: The addressing of that should fall under how promptly the utility keeps the bills paid by the renter, in my opinion.

080 JANET MCCOMB, COMMITTEE ADMINISTRATOR: The utility company would either

charge a deposit up front or "eat" the losses.

REP. VANLEEUEWEN: There would need to be notification up front; that is an extra burden on the owner.

REP. BELL: Do any statutes limit the landlords ability to collect deposits or do credit checks?

140 REP. TED CALOURI, HOUSE DISTRICT 7: There is no reason why landlords can't have deposits and if they can't, we should say they can.

My experience is that the municipalities use outlandish techniques; it appears as though they don't even make attempts to collect, but apply liens.

171 REP. MCTEAGUE: The cities have councils, mayors and other types of elected government and that is where the complaints should go; is there a problem with that?

REP. CALOURI: In my area there is.

REP. JOHNSON: Can you address the ORS section being repealed?

REP. CALOURI: No.

CHAIR REPINE: The one line in the ORS is difficult to interpret.

210 REP. JOHNSON: Will this result in the utilities charging deposits?

REP. CALOURI: It may be.

I suggest that each issue is looked at trying to achieve fairness for all parties.

REP. BELL: Can the utility turn the power off in the mean time?

REP. CALOURI: I don't know the answer, but your concern is valid.

240 REP. SUNSERI: In section 3 could we insert "the supplier of utility services shall not deny services to a landlord or future tenant based on any unpaid services by preceding tenants".

REP. CALOURI: That is a good idea.

If there is reason to believe that a person wouldn't pay their bills, then the utility should be able to charge a deposit.

300 REP. CALOURI: A renter not paying utility bills shouldn't affect the landlord.

REP. SUNSERI: A utility should follow the delinquent person to the next rental and apply the large deposit there.

REP. BAUMAN: Should a landlord know when a tenant doesn't pay their bills?

REP. CALOURI: Judiciary should look at that question; I would say no.

Only when shut offs cause safety problems should the landlord be notified; there are certain things a landlord has reason to care about and others they don't.

415 EMILY CEDARLEAF, MULTI-FAMILY HOUSING COUNCIL OF OREGON: Testifies in support of HB 2770.

454 CEDARLEAF: The statute being replaced protects privately owned utilities, so we couldn't hold them responsible for the same standards that we hold private utilities to.

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CEDARLEAF: I think that it is time for the utility companies to be responsible rather than the landlord having to pass the costs of unpaid bills to the next tenant.

055 REP. JOHNSON: On line 7 should it say "prior to the time the tenant contracts with the utility for the services"?

CEDARLEAF: Your wording would solve the problem of notification to the utility company.

112 TOM O'CONNOR, LEAGUE OF OREGON CITIES: Some cities do use lean mechanisms to insure the unpaid bills are collected; most use a deposit mechanism, some don't.

The policy question before you is who bears the burden of the unpaid bills; it has historically been the position of the cities that if the landlord is operating a profit making business and bills arise from that business, the rest of the community shouldn't have to pay.

155 REP. SUNSERI: Why would we arbitrarily have the owner of the property pay the bill rather than put a judgment against the person at fault?

O'CONNOR: That mechanism can be used, but it can be of dubious value and the process is difficult.

REP. BELL: The utility company should take care of this through

deposits or screening.

O'CONNOR: They feel that the other citizens shouldn't have to pay the bills; there are a variety to mechanisms that can be used.

255 REP. BELL: When we put another cost burden on the landlord, it affects the rent and we are trying to keep the rent levels down; how do you see your role, as utilities, in keeping those costs down?

O'CONNOR: Our role is to operate and offer an efficient source; as far as conservation there are many things the landlord can do to lower utility costs.

Our other responsibility is to the rest of the people in the community and the other business people.

There are many things utilities can do to help tenants with their payments; surveys show that it isn't low income people who are not paying their bills.

343 BRAD HIGBY, CITY OF PORTLAND'S BUREAU OF ENVIRONMENTAL SERVICES: We provide sewage service for Portland and this bill would cause problems for us.

Our bad debts can't be written off, but must be distributed to other customers; if a different system has to be instituted, it will raise costs of service.

383 HIGBY: Rates are going up and this bill would add one additional component to that factor.

REP. BAUMAN: This adds an affirmative policy that we think it is reasonable to spread the cost of the tenant who doesn't pay over a wide group of people rather than unfairly stick the landlord with the unpaid bill.

If the tenant doesn't pay the utility charge then it is the responsibility of the community to pay that; at some point it may be reasonable to consider this a surcharge or tax to assist those who can't pay for their services.

REP. SUNSERI: There is an inability to get housing currently; move in costs are high with first and last months rents required along with deposits and this is a major problem.

We are going to end up seeing another deposit if we put this on the landlord.

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040 FRED VANNATTA, SELF: Testifies in support of the bill.

Cities should be required to use the mechanisms available to them.

CHAIR REPINE: REP. JOHNSON will bring amendments to the committee.

PUBLIC HEARING ON HB 2694 Witnesses: Eugene Organ, Executive Director, Oregon Disabilities Commission Roger Robinson, Legislative Director, Oregon Paralyzed Veterans Beverly Bettis, Oregon Paralyzed Veterans Valery SalisB ury, League of Oregon Cities Peggy Collins, Building Codes

Agency

Staff submits sms & revenue impact statement, (EXHIBIT B).

090 EUGENE ORGAN, EXECUTIVE DIRECTOR, OREGON DISABILITIES COMMISSION:  
Submits written testimony in favor of HB 2694, (EXHIBIT C).

Our intent is to leave the statute the same except to include the authority for the Building Codes Agency administrator to develop regulations for buildings under 4000 square feet in the State of Oregon.

141 CHAIR REPINE: Would the repair of a roof trigger the demands of architectural barriers?

ORGAN: We have been called in for major renovations, but leaking roofs haven't been one.

REP. JOHNSON: You are taking out the 4000 foot measurement?

ORGAN: Yes.

REP. JOHNSON: Why don't we just delete the existing statute so that public buildings are defined regardless of their square footage or height?

ORGAN: That would be our preference.

200 ROGER ROBINSON, LEGISLATIVE DIRECTOR, OREGON PARALYZED VETERANS: I would like the effective date changed to July 1, 1992 instead of January 1, 1992.

In section 3, line 31, the effective date of July 1, 1992 and on line 32 after "the state building code administrator shall adopt rules", insert "by the effective date of July 1, 1992

ROBINSON: We feel that HB 2694 would remove one barrier to handicapped citizens.

230 REP. JOHNSON: What were the reasons for the size limits in current statute?

ROBINSON: I don't know.

CHAIR REPINE: The law requires an architect or engineer do work on renovations of buildings larger than specified in statute.

250 BEVERLY BETTIS: Testifies in support of the bill.

CHAIR REPINE: In five to ten years there have been efforts to address barriers; have you found that helpful?

BETTIS: Yes, it is encouraging.

310 REP. BAUMAN: The date change, why?

ROBINSON: The new building codes come out then.

325 VALERY SALISBURY, LEAGUE OF OREGON CITIES: Many of our communities are working to make areas accessible.

The obligation to eliminate architectural barriers is subject to analysis; if that was clarified to obtain our ability to balance cost with options, we would be more comfortable.

CHAIR REPINE: Please bring us amendments.

380 PEGGY COLLINS, BUILDING CODES AGENCY: Testifies in support of HB 2694; we do concur with the effective date change and we do support the removal of the size limits.

I will offer amendments to conform with the American Disabilities Act.

CHAIR REPINE: There is a concern of what will trigger the "major renovations" clause.

COLLINS: Current statute does require that 25% of the cost or remodel or alteration of an existing building go toward removing architectural barriers.

COLLINS: The 25% rule does only apply to renovations that require a permit.

CHAIR REPINE: Recess for ten minute break. (9:30 a.m.)

464 CHAIR REPINE: Calls the hearing back to order. (9:40 a.m.)

WORK SESSION ON HB 2779 Witnesses: Peter Grundfossen, Oregon Housing Coalition Lynn Scheessler, Oregon Housing Agency, (OHA) Rey Ramsey, Administrator, Oregon Housing Agency Adriana Cardenas, Program Manager, Governor's Commission on Agricultural Labor

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035 JANET MCCOMB, COMMITTEE ADMINISTRATOR: The (-1) amendments, (EXHIBIT D) are from Mr. Bruebaker and the (-2), (EXHIBIT E) are the committee suggestions.

We also have (-4) amendments, (EXHIBIT F), at the request of the Housing Coalition and they along with the (-1) amendments are in the engrossed version (EXHIBIT G).

070 REP. SUNSERI: Section 6 talks about the amount; where did that come from?

MCCOMB: The (-2) amendments.

REP. SUNSERI: The principal isn't to be jeopardized so that it will continue to occur interest.

We need language to address that.

090 PETER GRUNDFOSSEN, ASSOCIATION OF OREGON HOUSING AUTHORITIES: Based on prudent underwriting practices the possibility of losing much money wasn't great in the first place and the loss of funds over a period of time would be low to negligible.

The Coalition hopes to build this principal to \$100 million over a period of time so we will be back asking for more money anyway.

REP. SUNSERI: There needs to be a way to guarantee this.

GRUNDFOSSEN: This is here to give banks the opportunity to service low income populations; there is no other tool that can help as much as this can.

121 REP. SUNSERI: Could you set a limit of acceptable loss that can't be exceeded?

GRUNDFOSSEN: We think we can.

135 LYNN SCHOESSLER, OREGON HOUSING AGENCY, (OHA): In looking at the loans initially we would look at standard underwriting criteria and we would look at a performer that demonstrated an ability to re-pay.

This period of time in which we would use the guarantee fund would be hopefully for three or four months at a maximum at which time the management could be turned around so the draw wouldn't be significant.

150 REP. JOHNSON: In the (-2) amendments there is an insertion of language regarding "prudent underwriting standards"; did the bankers help write that language?

REY RAMSEY, OREGON HOUSING AGENCY, (OHA): That is standard language from our administrative rules in statute.

GRUNDFOSSEN: It is my understanding that the banks were involved with that language.

MCCOMB: I ran that language past the Bankers Association and this was something that everyone agreed on.

REP. SUNSERI: The productivity of the program will cease for however long you are using the interest that should be used for the program to replenish the fund.

195 MOTION: REP. BAUMAN moves the (-1) and the (-4) amendments.

REP. SUNSERI: On line 17 of the (-4) amendments there is a blank line.

REP. BAUMAN: I will move it empty and we can amend it later.

MCCOMB: The (-1) amendments were folded into the (-4) amendments.

REP. BAUMAN: For clarity then I will accept that as friendly amendment to my motion and move the (-4) amendments.

230 REP. JOHNSON: On the (-4) amendments lines 12 - 25 rewrite section 7?

GRUNDFOSSEN: Originally we wanted to ask for \$15 million dollars for emergency services and we had divided that into two parts.

We reduced that total number to 8 and we compressed into one section what we had asked in two different subsections previously.

255 GRUNDFOSSEN: In the subsection under section 7, sub 2(c), I'd like to insert, on line 20 of the (-4) amendments, after mentally ill persons, "farm workers" so that supportive housing services be extended to farm workers as well.

REP. JOHNSON: The deletion holds two blanks and the replacement language doesn't have a blank.

GRUNDFOSSEN: The amended section 4 fills in the monetary blanks.

290 REP. BELL: You want to insert "farm workers" in the section that talks about continuing to live in their own homes, on line 20, page 2, of the (-4)?

That deals with allowing people to live in their own homes by providing in-home services.

GRUNDFOSSEN: That is correct; this applies to rental homes as well as owned homes.

REP. BELL: Are there many of those individuals?

GRUNDFOSSEN: This was at Cardenas' request after the last hearing.

325 ADRIANA CARDENAS, PROGRAM MANAGER, GOVERNOR'S COMMISSION ON AGRICULTURAL LABOR: This makes the language consistent with the rest of the bill; where these populations are listed in every other section, it had been left out in this one in particular.

The goal is that this population will have their own housing as well someday and this fund to assist folks with supportive services should be applicable to this population also.

REP. BELL: Farm workers are listed in section 5, page 2, line 21 and we talked about putting them on the list of those to receive preference, but farm workers aren't ill and don't have an affliction, although they have other problems we are trying to deal with.

I don't see how they fit in with the mentally ill or disabled as that section deals with.

350 CARDENAS: There is a misconception that farm workers don't need supportive services and they do.

REP. BELL: Shouldn't they be included with the general population as we are talking about social services to the general population type of people vs. mental health and the disabled; are those the kinds of services you are interested in?

CARDENAS: Those are the services we are after, but section 7 includes any services which assist them in remaining in their homes whatever those services may be.

REP. BELL: I think we are talking about living in institutions as opposed to their own homes; I don't see that as being because they can't afford to live in their own homes, but because these people are mentally ill or disabled.

405 GRUNDFOSSEN: We were trying to stop institutionalization there; the phrase "including but not limited to" in the first line of subsection C under section 7.

It is fairly inclusive language.

REP. BELL: If we add farm workers we need to add the single parents and



others; I think we can accomplish what is wanted in another section.

435 REP. BAUMAN: In section 5, sub 1, line 21, we have added farm workers to make it consistent with section 7.

480 REP. SHIBLEY: Perhaps we could give "sub 2, sub C" a "1 & 2" so that "1" would deal with keeping people out of institutions and "2" might include supportive housing services that may be called upon by those who face language barriers and from other special populations.

REP. SHIBLEY: I agree with Rep. Bell, there isn't an institutionalization issue with migrant farm worker housing.

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032 REP. SHIBLEY: I also agree that they should be included in referencing supportive housing services, if we are going to do a "laundry" list.

040 GRUNDFOSSEN: I think that what the farm workers are after can be assisted if we change the phrasing on the hand engrossed copy, page 3, subsection 2 of section 7, "the agency shall give grants to organizations that shall use the funds to provide to low and very low income persons, including but not limited to farm workers, the elderly, disabled persons, mentally ill persons" and that is the same phrase we used in section 5.

That would open the door of access to all the services that follow below.

085 REP. BAUMAN: There have been two friendly amendments to the motion; on the (-4) adding new language in section 3 of the hand engrossed bill, the word "farm workers" between "mentally ill" persons and the word "and".

REP. BELL: Maybe we should accept this and then put the farm workers in after we take care of the other amendments.

CHAIR REPINE: We will take the motion on the original (-4) amendments and then deal with other amendments.

110 VOTE: Hearing no objection the motion carries and (-4) amendments are adopted.

MCCOMB: After "farm workers" insert "Native Americans"; that came out of our last discussion.

CHAIR REPINE: We have the addition on line 21 of page 2, after the word "farm workers" to insert "and Native Americans".

138 MOTION: REP. SUNSERI moves that on page 2, line 21, delete the first "and" and insert a "," and after "farm workers" insert "and Native Americans".

REP. JOHNSON: I have a concern about this bill in that it appears to get too broad; if it's focus is spread too far the funds will be spread to thin.

165 REP. SUNSERI: We aren't setting aside money, but mentioning that

these people need some extra consideration.

VOTE: In a roll call vote the motion carries unanimously.

174 MCCOMB: On page 3, line 4, after "address" insert "language barriers"; this was brought to my attention by Mr. Grundfossen after our last meeting thinking that it may address the concerns of the farm workers by being broader.

CHAIR REPINE: That will come when we deal with farm workers, let move on.

MCCOMB: On line 5, Rep. Bell suggests that we insert "children" there and the same on line 30.

REP. BELL: I made that suggestion in relation to families without children or groups without children, not in the sense of these kinds of social services as child care covers that.

200 MCCOMB: Line 13 is the banker's language that would ease the concerns that these loans might be made imprudently; this adds a sentence on line 13.

230 MOTION: REP. MCTEAGUE moves to amend the (-2) amendments on lines 5 - 7; in line 13 after the "." insert "loans that are guaranteed by the fund shall be reviewed by the agency to insure that they meet prudent underwriting standards".

238 VOTE: Hearing no objection the motion carries.

CHAIR REPINE: Next we have a blank to fill in; on line 15 insert "25".

250 MOTION: REP. BAUMAN moves to insert "25" on line 15, page 3 of the bill.

252 VOTE: Hearing no objection the motion carries.

255 MOTION: REP. SUNSERI moves that on line 18 insert "the principal fund used to guarantee loans shall at no time allowed to decline as a result of loan defaults in excess 5%. Whenever the principal fund shall reach a 5% loss, the interest on the fund shall only be deposited to the principal account until the full amount of the principal fund is replenished."

292 VOTE: Hearing no objection the motion carries. Members Excused: Rep. Bell

CHAIR REPINE: I don't want to send out a bill because we are in a hurry and I know all committee members would like this bill "well tuned"; if it is the pleasure of the committee we will close the work session and revisit it when we can fill in the blanks.

I'll close the work session on HB 2779, the committee is adjourned.  
(10:30 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 - Staff Measure summary and revenue impact statement submitted by STAFF, pp 2 C - Written testimony submitted by ORGAN, pp 2 D - Written testimony and (-1) amendments submitted by BRUEBAKER, pp 2 E - (-2) amendments submitted by STAFF, pp 1 F - (-4) amendments submitted by STAFF, pp 3 G - Hand engrossed version of HB 2779 submitted by STAFF, pp 5