

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

April 9, 1991Hearing Room D 8:00 a.m.Tape 61 - 63

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 2183 (WRK) HB 2770 (WRK) HB 3188
(WRK) HB 3064 (PUB) HB 3065 (PUB) HB 3231 (PUB)

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.

TAPE 61, SIDE A

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

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

WORK SESSION ON HB 2183 Witness:Lynn Youngbough, Economic Development
Department

010 JANET MCCOMB, COMMITTEE ADMINISTRATOR: Submits hand engrossed
version of

HB 2183 containing the (-2), (-4) & (-6) amendments, (EXHIBIT A).

Explains amendments.

065 REP. JOHNSON: What about the definition of "family wage job"?

REP. SHIBLEY: You can't define a "family wage job" without looking at
what that family needs to buy; this amendment is recognizing that the
family and the community needs to be taken into consideration.

105 LYNN YOUNGBARR, ECONOMIC DEVELOPMENT DEPARTMENT: This should refer

to disposable costs as we are looking at housing costs and what percentage of their wages they spend on that.

YOUNGBARR: We suggest that you leave this at "shall consider housing costs" as a part of the family wage job definition.

REP. JOHNSON: This is giving the Economic Development Commission the authority to develop rules for standards for deciding which projects are eligible for bond financing.

That could be written to say "supporting projects that would increase the number of families whose housing costs are no more than 30% of their wages".

REP. SHIBLEY: The point was that if housing concerns are to be under Economic Development, then we need to consider how the jobs that are created by economic development projects translate into affordable housing; I think that the amendment would try to make a connection between a family wage job and affordable housing.

165 REP. SUNSERI: Putting a percentage in would be a mistake as there are federal guidelines that fluctuate; it should say "to conform with federally written guidelines".

REP. JOHNSON: Is there a definition of "family wage job" anywhere?

YOUNGBARR: There is in our rules and it goes by the county and the average income of the area.

205 MCCOMB: This says "shall" consider.

YOUNGBARR: We can consider 30% of their income, but we can also just consider housing costs.

REP. SHIBLEY: Your definition doesn't work well and you say this won't work well, but the language is soft enough that you can just consider it; if there is a definition of affordable housing it should mean something.

YOUNGBARR: There is work going on with the issue of "employer assisted housing"; I'm not sure that this is the way to get at this.

If it is kept at 30% it should be deposable income not gross income.

REP. BAUMAN arrives. (8:23 a.m.)

290 YOUNGBARR: Until this recent crisis we haven't considered this much.

REP. JOHNSON: I'd like assurance that housing in general will be considered.

333 REP. BAUMAN: I'd suggest we adopt the amendment that would read "the commission shall consider housing costs."

At the end of line 3 put a "." after the word "costs".

353 REP. BELL: What is your definition of "family wage job"?

YOUNGBARR: The family wage job is pegged to the average annual income

in each county.

This amendment would ask us to look at housing costs in the determination of a family wage job.

370 REP. SUNSERI: Could you prevent projects because of a lack of housing?

YOUNGBARR: I don't think that this prevents us from doing that; this triggers a mechanism where the Housing Agency will be involved in trying to provide housing and we will consider it in our definition of a family wage job.

I don't think that we could prevent projects because of a lack of housing.

REP. BELL: We might want to add "in the immediate area" when considering costs of housing.

YOUNGBARR: I would say "housing costs within a reasonable distance".

REP. SUNSERI excused.

422 MOTION: REP. BAUMAN moves the (-3) amendment with the deletion of the word "that" at the end of line 3, deleting "should not exceed 30% of the families gross income" at the end of line 4, and inserting "within a reasonable distance" after the word "cost".

REP. MCTEAGUE arrives. (8:31 a.m.)

YOUNGBARR: You should insert "within a reasonable commuting distance".

REP. BAUMAN: I'll accept that as a friendly amendment.

REP. BELL: How would you define that?

YOUNGBARR: Twenty miles or so.

TAPE 62, SIDE A

REP. BAUMAN: I would expect that the Department of Economic Development would pay close attention to the intent of the committee and that when we ask the commission to consider housing costs, we mean local housing costs.

REP. BELL: I'd like something that is a concept, so that they write rules with our guidelines.

048 REP. BAUMAN: I will amend my motion.

055 MOTION: Lines 3 & 4 will read "the commission shall consider local housing costs."

058 VOTE: Hearing no objection the motion carries.

MCCOMB: Describes the (-4) amendments, (Exhibit A).

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

076 VOTE: Hearing no objection the motion carries.

MCCOMB: Describes the (-6) amendments, see (Exhibit A).

105 MOTION: REP. BAUMAN moves the (-6) amendments to HB 2183.

REP. JOHNSON: How will this effect the day to day operations of the Housing Agency?

MCCOMB: This is just notification.

135 VOTE: Hearing no objection the motion carries.

141 MOTION: REP. SHIBLEY moves HB 2183 as amended to the floor with a do pass recommendation.

145 VOTE: In a roll call vote the motion carries unanimously. Members Excused: Rep. Sunseri CARRIER: Rep. Shibley

PUBLIC HEARING ON HB 3064 & 3065 Witnesses:Diane Luther, Staff, Multnomah County Commissioner, Pauline Anderson Rep. Ron Cease, House District 19 Ramsey White, City of Portland Frank Brawner, Oregon Bankers' Association Mike Purcell, Volunteer, Fransiscan Enterprise Peter Grundfossen, Association of Housing Authorities Sebastian Degens, REACH, Community Development Inc. Micki Clay, Director, Lutheran Office on Public Policy & Chair, Oregon Housing NOW Coalition

173 DIANE LUTHER, STAFF, MULTNOMAH COUNTY COMMISSIONER, PAULINE ANDERSON: Submits written testimony in support, (EXHIBIT B).

185 REP. RON CEASE, HOUSE DISTRICT 19: HB 3064 & 3065 can be viewed as companion bills.

HB 3064 will allow a political subdivision to relinquish title of it's property to a non-profit or municipal corporation to provide for low income housing or child care.

HB 3065 would allow a county governing body to cancel delinquent property taxes if the property is donated to a public body or a non-profit corporation for purposes of providing low income housing, social services or child care.

235 REP. CEASE: Both these bills have merit and will substantially add to local governments ability to deal with the kinds of property that are increasingly a problem.

265 LUTHER: In Multnomah County we have a large number of foreclosed properties and we also have a need for affordable housing; there are a number of organizations willing to take these properties, rehabilitating them and turning them into facilities for social services or child care or other services.

We want the flexibility to get these properties into the hands of the people who will be able to rehabilitate them at a low cost.

Describes both bills, see (Exhibit B).

368 LUTHER: There are new federal opportunities with the HOME & HOPE Acts that are requiring new levels of matching funds from local and state governments; the Act will allow us to use forgone tax revenue as a match for this federal money, so we are looking for that opportunity as

well.

We don't have the ability in statute to respond to people requesting properties for purposes other than low income housing or public recreation purposes; we would like to insert language on lines 11 & 12 which would give us the ability to transfer property for low income housing, social services or child care.

420 CHAIR REPINE: Have there been a lot of requests for these uses?

LUTHER: Not a lot; most don't approach us as they know we don't have the ability to do it.

REP. BAUMAN: Do you have a feeling for the geographic or neighborhood dispersal of qualifying properties currently?

LUTHER: In Multnomah County most of the foreclosed properties are on the east side of the river; frequently that is where social services prefer to locate, so they are in the right place, and that is also true of low income child care issues.

REP. BAUMAN: This fits nicely with the development of a community development corporation that would coordinate services with housing.

460 REP. SHIBLEY: How much property does Multnomah County have that they want to give away?

LUTHER: Anywhere from 400 to 800 pieces of property at any given time; we give about 40 properties a year.

TAPE 61, SIDE B

030 LUTHER: HB 3065 facilitates donations to non-profits for purposes of low income housing or child care or social services by forgiving delinquent taxes.

REP. BAUMAN: Is there interest in other counties?

LUTHER: We have talked more with cities and they are willing.

095 RAMSEY WEIT, CITY OF PORTLAND: Submits written testimony in support of HB 3064 & 3065, (EXHIBIT C).

This allows us to be responsive to neighborhood needs, but doesn't require anything.

165 WEIT: Whatever taxes we give up will be more than offset by the potential for the increased value in the neighborhoods.

Continues with written testimony.

195 REP. JOHNSON: Can non-profits continue to own the property without paying taxes?

WEIT: It is my understanding that taxes aren't assessed for non-profit owned properties.

LUTHER: Most non-profits are property tax exempt.

Multnomah County is being cautious in giving out these tax credits.

288 FRANK BRAUNER, OREGON BANKERS' ASSOCIATION: Testifies in support of HB 306 4 & 3065; there are a number of 501(c)(3)'s that don't get tax exemptions.

Some of the vacant homes are drug houses and I would hate to see this used as a way out for owners of drug houses; I think that local ordinances could take care of this, along with the intent of this body.

The Health Department has informed us that they don't have adequate funding to inspect these properties.

345 REP. BAUMAN: Would property need to be foreclosed first?

BRAUNER: No, it could be a contribution made with property that is free and clear.

REP. BAUMAN: So a donation could be made, resulting in the cancellation of the delinquent taxes, a tax write off and the landing of the contaminated site, to the unsuspecting non-profit?

Lenders today do an environmental inspection of properties because of the world that we live in today.

381 MIKE PURCELL, VOLUNTEER, FRANCISCAN ENTERPRISE: We are a CDC in NE Portland; our goal is to build community.

We did purchase a home that was an abandoned drug house and it did cause problems for us; it cost us approximately \$7000 to rehabilitate it, but now a tenant lives there for \$150 per month.

Our typical tenants are low income, minorities and single heads of household women with two to three children.

CHAIR REPINE: How did you handle the clean up?

PURCELL: We asked corporations and individuals to donate; most of our houses are former drug houses.

REP. MCTEAGUE leaves. (9:30 a.m.)

TAPE 62, SIDE B

050 PETER GRUNDFOSSEN, ASSOCIATION OF HOUSING AUTHORITIES: We look forward to the opportunities this will bring for local governments to make a difference.

As far as "meth" labs go that issue can safely be left in the hands of individuals and non- profits.

105 SEBASTIAN DEGENS, REACH COMMUNITY DEVELOPMENT, INC: Submits written testimony in support of HB 3064 & 3065, (EXHIBIT D).

136 DEGENS: HB 3065 is insightful; we haven't pursued donations of property with the people in our community; we have started working with state planners on a program related to gifts to REACH and this would fit nicely.

With federal cuts in housing coming to us, we need local solutions and these two bills help.

150 REP. BAUMAN: How do you feel about innocently acquiring property that has been contaminated?

DEGENS: In any property acquisition there are issues as fatal to the project as past drug activity such as zoning issues and structural defects; they all need to be checked out thoroughly.

REP. BAUMAN: Does your board review each acquisition?

DEGENS: Yes.

225 MICKI CLAY, DIRECTOR, LUTHERAN OFFICE ON PUBLIC POLICY & CHAIR, OREGON HOUSING NOW COALITION: Testifies in support of HB 3064 & 3065.

In the area of social services and child care this could be very helpful.

Describes how the bills would help local groups.

305 CHAIR REPINE: We will have these bills back for work sessions next Tuesday; we will recess for ten minutes. (9:50 a.m.)

315 CHAIR REPINE: Calls the hearing back to order. (10:02 a.m.)

WORK SESSION ON HB 2770 Witnesses: John Powell, Central Lincoln Peoples Utility District Emily Cedarleaf, Multi-Family Housing Council

330 JANET MCCOMB, COMMITTEE ADMINISTRATOR: Submits fiscal impact and (-1) amendments, (EXHIBIT E).

There were suggested changes to the (-1) amendments; on line 14, after "not", insert ": denies service to an applicant at that address based on any unpaid services furnished to an earlier tenant or".

350 JOHN POWELL, CENTRAL LINCOLN PEOPLES UTILITY DISTRICT: I made a mistake; on line 4 of the (-1), "denies service to an applicant based on any unpaid services furnished to a prior tenant at that address".

390 CHAIR REPINE: Do you expect policy statements to be changed in regards to the signing up of utilities as a result of this?

POWELL: We only do electricity; I don't think we have plans to do that as collection would be difficult.

Maybe with other kinds of services there would be reasons for that.

435 REP. BAUMAN: How does the landlord know to contact the supplier of utility services if that occurs after the tenancy has commenced?

452 EMILY CEDARLEAF, MULTI-FAMILY HOUSING COUNCIL: Currently the landlord sends a post card; if they call, it isn't in writing.

We may be contacting seven utilities, but it is worth it.

485 REP. BAUMAN: That system is based on the utility services being contracted at the beginning of the tenancy.

CEDARLEAF: We tell landlords to make sure that they do this at the beginning of the tenancy.

REP. BAUMAN: Are you okay with the change in the (-1)?

CEDARLEAF: I am.

TAPE 63, SIDE A

CHAIR REPINE: Do you find this could create a burden on the landlords if cities and counties adopt policies that they won't sign utilities to tenants, only to the landlords?

CEDARLEAF: There is always a creative alternative to problems on one side or the other.

I do see that as a problem and we will have to start working on that area.

057 MOTION: REP. BAUMAN moves the (-1) amendments as amended.

062 VOTE: Hearing no objection the motion carries.

REP. SHIBLEY: Landlords aren't held responsible for other bills that tenants have; where does HB 2770 fit in to that frame of concern?

CHAIR REPINE: Absentee landlords aren't always privy to what goes on on a day to day basis and then they become the victim.

It appears that there are some alternatives for cities and counties.

105 REP. SHIBLEY: It is my understanding that this bill was introduced last session by someone who owned rental property and hadn't paid taxes.

I have a hard time being to sympathetic when that is the origin of the issue.

REP. BAUMAN: We are talking about people who walk away from the debts they owe; the question is who pays.

There is a legitimate issue for landlords as they are the premium provider of low income housing in this state and if they continue to get "stiffed" by public policy they will no longer be able to provide low income housing.

148 REP. BELL: That is my understanding; I've heard it is becoming less and less attractive to be a landlord.

REP. JOHNSON: Current law from 1987 (ORS 91.255) says "a utility company shall not transfer a claim against a tenant to the owner of the real property without the written consent of the owner."; that only applies to privately owned utilities.

This bill would require a landlord to write seven or eight letters, one to each of all the suppliers of all the services, or else be subject to being billed for the tenants bills.

I would suggest that we just say "ORS 91.255 is amended to read as follows" and where it says " a utility company shall not transfer a claim against a tenant", insert "as using this section a supplier of utility services is", then insert all the entities effected by this.

193 REP. JOHNSON: I would keep the existing statute making it apply to all suppliers of utility services, period.

215 CHAIR REPINE: I'd suggest you get amendments created and we will work through those.

I will close the work session on HB 2770.

WORK SESSION ON HB 3188

230 JANET MCCOMB, COMMITTEE ADMINISTRATOR: We have requested amendments that we haven't received that would, on page two of the bill, fill in the blank on line 41.

It would read "enrolled SB 5507", and on line 42, change \$650,000 to \$150,000.

252 CHAIR REPINE: I will close the work session on HB 3188.

PUBLIC HEARING ON HB 3231 Witnesses:Neyle Hunter, City of Portland

265 NEYLE HUNTER, CITY OF PORTLAND: In 1989 we were approached by the owner of a large development in the Rose City village area; the development had 264 units occupied predominantly by Indo-Chinese families.

Large numbers of family members lived in two bedroom homes, the property had deteriorated and Asian gang activities were beginning to develop.

288 HUNTER: Several developers promised to buy the property, turning it into condominiums, relocating about 200 families living at a low rent.

We began to work with the current owner and the owner who was holding the property when payments had stopped on the loans that were due, and found a new owner that promised to purchase the property, rehabilitate it and retain it as low income housing.

The 264 units now known as Rose City Village have been half completed at this time.

The cost of acquisition and rehabilitation amounted to around \$6 million to \$7 million; local lenders were willing to put up part of the bill, but there was a tremendous gap between the market value and its income potential.

315 HUNTER: We were able to fund the rehabilitation using rental rehabilitation funds from the federal government, local lender funds and some block grant funds.

When we thought about the long term financing for this, we approached ORS 284 .10 which says the locality, Portland, has the ability to use mortgage revenue bonds, given that it meets one of three tests:

1)Is it in an urban renewal area?

2)Does it have a land evaluation of \$8 per square foot or above on or before September 13, 1975?

3)Is it in an area designated as a "housing and community development target neigHB orhood" pursuant to the 1974 Housing and Community

Development Act.

When we suggested that the project met all the tests of becoming a targeted area, the bond council took exception to our liberty with the Community Development Act as no where in the act is the term Housing & Community Development Target NeigHB orhood used.

340 HUNTER: Bond council suggested we go through a "bunch of hoops" to suggest that we had identified a certain targeted neigHB orhood, the Rose City Village, and that we had done that pursuant to the Housing & Community Development Act.

The real problem is that we have used a definition in the law that the reference of doesn't exist elsewhere.

In order for us to use the full faith and credit of the City to back the mortgage revenue bond or for projects of this type, strike the language that refers to language that doesn't exist and insert that when the city identifies an area it wants to use Housing & Community Development funds to assist, it is trying to benefit low and moderate income families or address slum and blight.

363 HUNTER: HB 3231 does exactly that.

CHAIR REPINE: I will close the public hearing on HB 3231.

WORK SESSION ON HB 3188

385 CHAIR REPINE: We have conceptual amendments, (EXHIBIT F).

JANET MCCOMB, COMMITTEE ADMINISTRATOR: There is a memo from myself to LC, see (Exhibit F), instructing them to fill in the blank on page 2, line 41, enrolled SB 5507, the Housing Agency appropriation bill.

On line 42, \$650,000 was an oversight; this wasn't to be increased by \$650,000, but only \$150,000.

425 MOTION: REP. BAUMAN moves that on page 2, line 41, replace the blank with SB 550 7 and on page 2, line 42, replace \$650,000 with \$150,000.

438 VOTE: Hearing no objection the motion carries.

CHAIR REPINE: We will wait two minutes so that REP. SHIBLEY may be able to join us.

450 MOTION: REP. BAUMAN moves HB 3188 as amended to the floor with a do pass recommendation.

455 VOTE: In a roll call vote the motion carries unanimously. Members excused: REP. SUNSERI Members absent: REP. MCTEAGUE

475 CHAIR REPINE: The committee is adjourned. (10:40 a.m.)

479 CHAIR REPINE: Calls the committee back to order. (10:41 a.m.)

484 MOTION: REP. BAUMAN moves that HB 3188 as amended be sent to the Committee on Ways and Means with a do pass recommendation.

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

excused: REP. SUNSERI Members absent: REP. MCTEAGUE

499 CHAIR REPINE: We are adjourned. (10:43 a.m.)

Submitted by: Reviewed by:

Kimberly Burt Janet McComb Assistant Administrator

EXHIBIT SUMMARY:

A - HB 2183 hand engrossed with (-2), (-4) & (-6) amendments submitted by staff, pp 15 B - HB 3064 & 3065 written testimony submitted by LUTHER, pp 4 C - HB 3064 & 3065 written testimony submitted by WEIT, pp 3 D - HB 3064 & 3065 written testimony submitted by DEGENS, pp 1 E - HB 2770 fiscal impact statement and (-1) amendments submitted by staff, pp 2 F - HB 3188 conceptual amendments submitted by staff, pp 1 G - HB 3064 SMS, fiscal & revenue impact statement submitted by staff, pp 3 H - HB 3065 SMS & revenue impact statement submitted by staff, pp 2 I - HB 3231 SMS & fiscal impact statement submitted by staff, pp 2 J - HB 3188 fiscal impact statement submitted by staff, pp 1