



Standing up for senior, disabled and low income homeowners in Oregon

Statement of David Raphael, Alliance of Vulnerable Homeowners

in support of HB 2489

Before the

Senate Finance & Revenue Committee

Salem, Oregon

March 25, 2013

Senator Burdick, Vice-Chair George, and members of the Revenue Committee, my name is David Raphael, and I am representing the *Alliance of Vulnerable Homeowners*, a statewide group of citizens representing many former participants who were removed from Oregon's Senior and Disabled Property Tax Deferral program in 2011. We try to serve as a voice for the more than 7,000 older and vulnerable homeowners who lost their deferral assistance. I appreciate the opportunity to submit these comments.

I am here today to whole-heartedly endorse HB2489A. The legislation would reinstate over 1,500 senior homeowners who were taken off the deferral program because of their reverse mortgages. Restoring assistance to this group is fully justified, we believe, and, for many, will greatly relieve their fear of losing their homes. I also want to commend the Committee for its efforts last year to extend temporary relief to many of these same people. With HB2489, the Committee now has an opportunity to permanently grandfather this cohort of distressed homeowners – and to help them remain in their homes.

But, it is important to keep in mind that while this legislation will benefit many senior homeowners who desperately need the assistance, there remain other

low-income and distressed homeowners who will not be covered by the bill. There are a number of other deserving cases that I hope will be considered by both the House and Senate Revenue Committees this session. Here are three examples of the types of special needs that we think need further attention:

1. Dual Ineligibles: According to figures provided by the Department of Revenue, roughly one-fifth of the 10,000 or so active participants at the beginning of 2011 had reverse mortgages. 1,700 of them were terminated for that reason alone. Most of those seniors are included in the cohort to be reinstated by HB2489. An additional 200 participants were removed *solely* because they had not lived in their homes for at least five years. We figure that many of them could now pass the 5-year residency requirement, or soon can if they wish to re-enroll.

However, there is a small but undetermined number of people – like the Pollman’s who you will hear from later this afternoon – who were inactivated due to their reverse mortgages *and* because they bought their homes after 2006. Under the current rules, they will never be allowed back in the program -- no matter how long they wait -- because they will be considered new applicants with reverse mortgages. This seems unfair, and we hope that some special provisions can be made for this limited group.

2. Former Participants Who Reapplied in 2011: A number of former program participants voluntarily inactivated themselves at the close of 2010, usually under pressure from their reverse mortgage lender. But when they applied for readmission early in 2011 – at a time when they actually met the existing eligibility rules -- DOR officials sat on their applications until after the Legislature acted months later, and then declared them to be ineligible because of their reverse mortgages. We believe that any former participant with a reverse mortgage who was eligible for the program when they reapplied in 2011 should be reinstated.
3. Participants with Reverse Mortgages who did not Re-certify: For one reason or another, a number of senior homeowners with reverse mortgages -- who were in the program prior to 2011 -- did not apply to be recertified. Some participants did not reapply because of the advice they received from Revenue Department officials . . . others because they did not receive recertification notices from DOR. We have heard from a number of former participants who, like LaNita Hiebert who will testify later today, say that when they contacted that DOR early in the summer of 2011, they were actively discouraged from refilling applications because of

their reverse mortgages. We believe that those former participants with reverse mortgages should be given an opportunity to apply for recertification.

In all of these cases, we are focusing on seniors and other distressed homeowners with the most limited resources. We are not proposing to change any of the existing income, asset or property value limits established for the deferral program. Fortunately, according to our analysis and that of the Department of Revenue and LRO staff, the program's revolving fund is healthy once again. We're convinced that these relatively small groups could be reactivated without jeopardizing the future self-sufficiency of the fund. In addition, I want to point out that none of the proposed changes would affect any rules regarding new applicants in the future.

Conclusion

Thank you for allowing us to testify. I would be happy to try to respond to any questions that you may have.