

Emailed Testimony from: Vulnerable Homeowners vulnerablehomeowners@gmail.com

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Please find attached my written statement to the House Revenue Committee in support of HB2510. I plan to be at the hearing tomorrow morning to present oral testimony, but wanted you to have this written copy in advance. Thank you.

David

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

Statement of David Raphael, Alliance of Vulnerable Homeowners
in support of HB 2510
Before the
House Revenue Committee
Salem, Oregon
February 22, 2013

Chairman Barnhart, Vice-Chairs Berger and Bailey, and members of the Revenue Committee, my name is David Raphael, and I am here today to speak in support of House Bill 2510. I also want to commend the Committee for its efforts last year to provide a lifeboat for some of the people who had lost their deferments. With HB2510, the Committee now has an opportunity, based on the amount of revenue available, to permanently extend those grandfathered in and to make other improvements in the program.

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The *Alliance of Vulnerable Homeowners* is a statewide group of citizens representing many former participants who were abruptly dropped from Oregon's Senior and Disabled Property Tax Deferral program in 2011. We try to serve as a voice for the more than 5,000 older and vulnerable homeowners who lost their deferral assistance. I appreciate the opportunity to be here today and to submit these comments.

Over the past year and a half, we have heard from countless desperate homeowners whose lives were turned upside down by losing their deferrals. Some had borrowed against the equity in their home just to live on. By combining tax deferral benefits with the proceeds of a reverse mortgage, they thought they would be secure in their homes until the end. Others had downsized, and were able to buy their retirement home only with the help of property tax assistance from the state. And still others were simply confused when they received notice from the Department of Revenue that they needed to be recertified in order to keep their deferral, or they had been actively discouraged from reapplying.

But regardless of the reason for their dismissal, they all had this in common: they had assumed that, once accepted into the property tax deferral program, they could rely on Oregon's commitment to them. A promise was a promise, they thought. It was the resulting shock and fear of eventually losing their homes that motivated us to form the *Alliance*.

But we have heard from only a relative few seniors and other former participants in the months since those drastic cuts were implemented. The vast majority of people forced out of the program had nowhere to turn. They didn't have access to the media or advocacy groups, and are still unaware of efforts to help them or restore their deferments. For example, the 1,500 or so reverse mortgage holders who were fortunately enough to receive temporary extensions last year make up less than one-third of all the households that were originally dropped from the program in 2011. That's why, for example, one of the provisions of HB2510 asks the Department of Revenue to go back and check on some of those who were terminated simply for lack of response – to find out what happened to the nearly 2,600 participants who failed to reapply.

House Bill 2510

We believe that HB 2510 will go a long way toward restoring assistance to some of the most needy homeowners and former participants in the Senior Property

Tax Deferral Program. The specific provisions of HB2510 grow out of our work with former deferral recipients these past 18 months, and, we think, reflect practical ways of refocusing and improving the program. Here's a summary of the provisions of the Bill:

Goals

- Refocus the property tax deferral program on seniors and other distressed homeowners with the most limited resources.
- Restore the solvency and sustainability of the program into the future.
- Improve the efficiency and management of the tax assistance program.
- Reinstate deferral assistance for some of the most impoverished former participants and those terminated due to administrative errors.

Proposed Improvements

- Permanently reinstate former program participants with reverse mortgages and those disqualified because they had not lived in their homes for 5 years.
- Reset interest on deferral payments to the original 6% simple interest rate.
- Replace the ban on future reverse mortgages with a simple to administer equity test.
- Offer partial deferrals based on need or ability to repay.
- Streamline procedures for showing proof of homeowners' insurance.
- Transfer management of the deferral program to another state agency whose mission and structure are better suited to administering a housing assistance program of this kind.

All of these proposed changes make a great deal of sense. The additional good news is that, according to our analysis, the program's revolving fund is healthy once again. We're convinced that current revenue projections assure that there will be sufficient funds to restore tax deferral payments for former participants covered in HB2510 without jeopardizing the self-sufficiency of the fund. In addition, I wanted to point out that none of the proposed changes would alter existing income, asset or home value limits established for the deferral program.

Conclusion

I hope this Committee will consider adopting the program improvements proposed in House Bill 2510. We believe that this vital program of assistance is

needed and should be expanded as resources allow. It also is the most cost effective way of assuring that people can remain in their own homes and communities, and a relatively cheap alternative to homelessness or supporting people in subsidized housing.

Thank you for accepting my testimony. I would be happy to try to respond to any questions that you may have, and I would also be pleased to discuss some of the other property tax related measures that are before this Committee if time allows.