

**From:** [Tom Cusack](#)  
**To:** [WaysandMeans.TransportationEcDevSub@state.or.us](mailto:WaysandMeans.TransportationEcDevSub@state.or.us)  
**Subject:** Public Testimony, HB Oregon Housing Budget Hearing, Tuesday March 19,2013  
**Date:** Monday, March 18, 2013 4:56:04 PM  
**Attachments:** [OHCS Ways and Means Testimony Tom Cusack March 18 2013.pdf](#)

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Good afternoon, this is Tom Cusack in Lake Oswego.

I am a retired Field Office Director for HUD and had worked in Oregon for HUD for 27 years when I retired.

I now write the [Oregon Housing Blog](#), with nearly 3,000 housing related blog posts since my retirement.

I am attaching a 3 page PDF file with my written testimony on the Oregon Housing and Community Services budget (HB) for your **Tuesday March 19th** hearing where you have invited public testimony. My testimony includes a table and two graphs that help put the OHCS scale of general funds use in some context with other State of Oregon housing expenditures.

I support the efforts of OHCS to reexamine their program delivery models to improve efficiency and reduce admin costs.

I also strongly support full two year General Fund and Lottery funding for OHCS housing needs as the use of these funds are heavily focused on the most vulnerable Oregonians and the amount of General Fund needed is a tiny fraction of other less income targeted Oregon housing expenditures.

Thanks much,  
Tom Cusack

March 18, 2013

To: Oregon Joint Committee on Ways and Means, Subcommittee on Transportation and Economic Development.

From: [Tom Cusack](#), Lake Oswego Resident

Subject: Support for Full Two Year General Fund and Lottery Funding in OHCS Budget (HB 5015).

Thank you for the opportunity to comment on the OHCS budget for the coming biennium. I live in Lake Oswego and currently write the [Oregon Housing Blog](#). Prior to my retirement in 2007, I held the top job for the US Department of Housing and Urban Development in Oregon (the HUD Field Office Director) for a decade and I am pleased to have worked with OHCS staff and leadership for the 33 years that I have lived in Oregon.

I am writing to fully support two year General Fund and Lottery funding for OHCS but will focus my comments here on General Fund needs for OHCS. The [Analysis of the 2011-2013 Legislatively Approved Budget](#) indicates that OHCS General Funds *for housing* were to be spent on **three** programs (OHCS also receives GF money for food programs):

1. Statewide Homeless Assistance Program
2. Emergency Housing Assistance Program
3. Low-income rental assistance Program

To provide some perspective on General Funds needed for OHCS housing programs, it may be useful to show:

- How a \$10 million biennium General Fund allocation *for housing* would compare to the costs of Oregon tax expenditures for mortgage interest and property taxes.
- What share of OHCS General Funds *for housing* and Oregon property tax and mortgage interest costs are spent to help income tax filers in the top 20% of all filers.

**(The table and two graphs on the next two pages help illustrate the observations below)**

Observations:

1. Biennium tax expenditures for two major homeownership tax breaks (mortgage interest and property tax deductions) are [currently projected](#) at **\$1.717 BILLION**.
2. A \$10 million OHCS General Fund *housing* general fund expenditure would represent **6/10ths of 1 percent** of the Oregon total biennium expenditures/costs of the property tax and mortgage interest deductions.
3. ZERO percent of the authorized OHCS GF *for housing* expenditure goes to the top 20% of income tax filers. **61%/ \$1 BILLION** of the cost for the mortgage interest and property tax deductions goes to the **top 20% of Oregon income tax filers**.

**Top 20% of Filers Cost \$1 Billion**  
**for Two Housing Tax Breaks**

**61%/ \$1 BILLION** of the **\$1.717 Billion** cost for the mortgage interest and property tax deductions goes to the **top 20% of Oregon income tax filers**.

#### **Conclusion:**

There are multiple reasons for OHCS to go through a reexamination of OHCS programs, organization, and program delivery and **I applaud the effort**. It is also clear that traditional funding streams like the single family bond program, revenue from prior bond indentures, and HUD multifamily contract administration are also drying up.

*However, in the context of other Oregon less targeted housing expenditures, the need to approve a **very modest** two year OHCS General Fund allocation for housing over the next biennium (that would largely help the MOST vulnerable Oregonians) **would CLEARLY not be a sufficient reason** by itself to reorganize the department or eliminate vital safety net housing programs.*

**OHCS General Fund vs. Mortgage Interest and Property Tax**

**A. Amount of OHCS General Fund For Housing is VERY Small In Comparison**

**B, OHCS GF Serves Lowest Income Oregonians; 61% of MID, Property Tax Cost Goes to Highest 20% of Filers**

[Courtesy, Oregon Housing Blog](#)

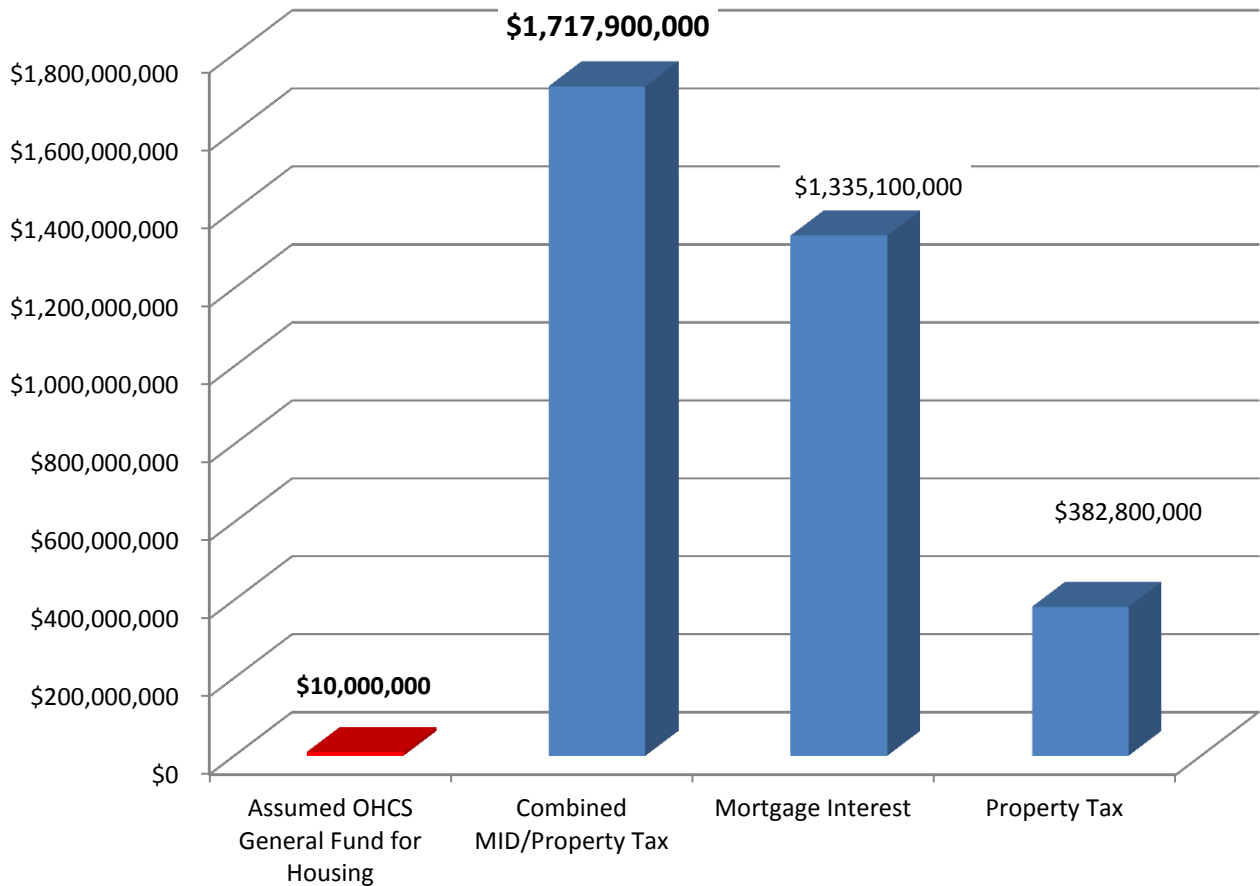
**A. Budget Impact**

Expenditure	Biennium GF Budget Impact	Data Source, Notes
Assumed OHCS General Fund for Housing	\$10,000,000	80% of OHCS General Fund for Housing, 20% for Food Programs
Combined MID/Property Tax	\$1,717,900,000	<u><a href="#">Oregon Housing Blog Calculations from Oregon Tax Expenditure Report</a></u>
Mortgage Interest	\$ 1,335,100,000	
Property Tax	\$ 382,800,000	
OHCS GF As % of MID , Property Tax Expenditure	0.6%	

**B. Share to Top 20% Filers**

Tax Break	Top 20% Filer Share	\$ to Top 20 Filers
OHCS General Fund for Housing	0%	\$ -
Combined MID/Property Tax	61%	\$1,043,960,700
Mortgage Interest	60%	\$797,054,700
Property Tax	65%	\$246,906,000

**A. OHCS General Fund for Housing vs. Mortgage Interest, Prop Tax Cost**



### B. OHCS Housing GF and MID/Prop Tax: \$\$ Going to Highest 20% of Filers

