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To: Chair Keny-Guyer and Members of the Human Services and Housing Committee:

From: Martha McLennan, Northwest Housing Alternatives and Doug Riggs, NGrC, representing Oregon Opportunity Network

Thank you very much for the opportunity to testify today in support of HB 2442, as amended.

As background, throughout 2013 Oregon Opportunity Network, a statewide association of affordable housing nonprofits, housing authorities and community action agencies, partnered closely with Oregon Housing and Community Services in their process to explore redesign of the agency. Oregon ON and our members developed guiding principles, convened stakeholder focus groups and a daylong summit, participated on subject area workgroups and helped inform the eventual recommendations around program changes and governance to the agency.

During this process we focused in particular on the need to establish as part of the redesign, a new housing commission or council that would have a strong and effective role in setting state housing policy. Our other key guiding principle was that the governing body and the agency must provide appropriate fiduciary oversight. We want to ensure that our state housing agency never again finds itself as it did in 2012, in the position of having an unsustainable business model.

We know that housing is a key determinant of health and prosperity. And we know that the system transformations currently underway in state government will only reach their full potential to improve the lives of Oregonians if housing is integrated with statewide policy and if housing is recognized as absolutely fundamental to achieving our goals around healthcare, education, and economic development. Everyone needs a home to be successful.

To be effective, we believe the state's housing commission or council should have the following attributes:

- The authority to set housing and community services policy for the state, with a clear linkage to other state agencies and systems.
- Policies based on shared outcomes and focused on how programs help low-income Oregonians become stable, successful and healthy.
- Fiduciary responsibility for the agency's entrepreneurial business model, including a primary role in developing and monitoring the budget.
- Expertise across the continuum from homelessness to homeownership.

Given the critical importance of establishing a new, stronger governance and policy direction for housing, Oregon ON early on developed a bill, HB 2376, which would revise existing statute around the charge and makeup of the State Housing Council. This bill gained sponsorship of Representative Parrish, Chair Keny-Guyer and others, for which we are very grateful.

When the agency's draft bill, HB 2442, came out, we liked the general direction and much of the content, but we felt that it did not go far enough to meet our key objectives. In the interests of moving forward efficiently with just one bill for your consideration, we have worked closely with OHCS staff to incorporate amendments from our bill into theirs. This has been a positive and collegial process, and we appreciate the staff's willingness to amend their bill to meet our requests.

As a result, we are here today to offer Oregon ON's support for HB 2442 as amended.

Most of the key amendments we sought have been added to the bill, including giving the council a role in fiduciary oversight; clarifying that members should be selected with geographic diversity and housing expertise; and clarifying that the council has a role in oversight of the state's housing plan.

A few comments on the amendments:

On fiduciary oversight, while there is good language in the bill about reviewing the budget and the state housing plan, we are aware that the interpretation in the future could be very narrow or broad in its scope. We want to emphasize that the ongoing oversight should include an evaluation and public report on the strength and viability of the entrepreneurial business model.

On membership of the council, given the complexity of affordable housing finance, the council must include expertise across the continuum of affordable housing development from homelessness to homeownership. While no one wants a governing body that is too large to operate effectively, we note for the record that we had proposed up to 13 members while the OHCS bill as amended calls for a maximum of 9. We think a slightly larger body would be better, both to ensure that a full range of expertise and multiple perspectives are included on the council, and to have enough people at the table to manage a diverse and complex policy workload.

We also note that while we dropped our bill's provision to have legislators serve directly on the new council, we want to ensure that the Legislature stays informed and engaged on housing policy, including having the council report directly to the Legislature.

Finally, in regard to the state housing plan, we draw your attention to our key amendment to ORS 456.572, which states: *"The department shall provide the Oregon Housing Stability Council with adequate opportunity to review and provide input on the state housing plan to the department prior to the development, annual updating and implementation of the state housing plan."* Giving the council a role in helping review and shape the housing plan is essential to ensure the council has a meaningful and effective role in setting the housing policy direction for our state. With the help of a strengthened housing council, the agency, Legislature, and community partners we can set common-sense policy and make the best, most effective use of limited resources in order to create stronger and more prosperous families and communities across Oregon.

Thank you again for the opportunity to testify today – we are happy to answer any questions.