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Testimony in Support of HB 2629
Before the House Human Services and Housing Committee
March 11th, 2015
Submitted by Sybil Hebb

Chair Keny-Guyer, Co-Chairs Piluso and Stark, and Members of the Committee,

On behalf of the Oregon Law Center (OLC), thank you for the opportunity to submit testimony this afternoon in support of House Bill 2629, which would provide important notice protections for low-income tenants living in USDA Rural Development properties.

OLC's mission is to achieve justice for low-income communities of Oregon by providing a full range of the highest quality civil legal services. The vast majority of our clients have incomes at or below the federal poverty level, and struggle to provide the basic necessities for themselves and their families. One of the most important issues in the lives of our clients is the challenge to find safe, stable, affordable housing. Housing is a basic human need. Housing is about much more than a roof over one's head; it is about opportunity, stability, and health. Without stable housing, it is difficult or impossible for low-income families to hold down a job, keep children in school, access neighborhood amenities, and stay healthy. HB 2629 will provide important protection for the stability of thousands of vulnerable Oregonians living in rural communities.

Property financed through USDA Rural Development programs have affordability and stability terms and conditions that attach through the length of the mortgage. Low-income tenants living in RD housing may not be evicted unless for cause, and have rent affordability or assistance protections. When a mortgage funded by Rural Development matures, the affordability and stability terms and conditions attached to its issuance evaporate. After RD mortgage maturity, the property owner may evict tenants without cause, and may raise rent as the market will bear. The maturity of an RD mortgage has a significant impact on the stability and rights of low-income tenants living in those properties.

Under current law, there is no requirement that a landlord provide notice to tenants regarding an upcoming maturation of an RD mortgage, and the accompanying potential change in rights and rents. For the very low income residents of rural RD properties, a sudden increase in rent expenses can create the real risk of homelessness.

The bill would require owners of RD-financed properties to provide a one-year notice of mortgage maturity to residents, OHCS, the local government and the local housing authority. The bill identifies the required content of the notice, most importantly that the use restrictions, rent controls and rental assistance will be terminated on maturity of the mortgage. Notice would be required for current tenants as well as tenants moving in within the final year.

HB 2629 would ensure that vulnerable Oregonians have time to plan for significant changes that greatly impact their lives. The bill would help communities and government services be better prepared to meet the upcoming need for support in affected communities. While passage of this bill will not solve Oregon's affordable housing needs, it will go a long way towards mitigating the impact of RD loan maturation on extremely vulnerable rural populations.

For these reasons, we respectfully urge your Aye vote. Thank you.